WCB
Workers Compensation
Board of Manitoba

SERVICE DRIVEN.
SAFETY MINDED.

WCB 2003 ANNUAL REPORT

SAFE WORK
SAFE
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

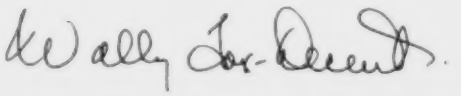
Letter to the Minister

The Honourable Nancy Allan
Minister Responsible for *The Workers Compensation Act*
Room 317, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

We are pleased to present our 2003 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the 12 month period from January 1, 2003 to December 31, 2003. It includes the statements of accounts required to be kept under the Act.

Respectfully submitted,



Wally Fox-Decent
Chairperson

WCB
Workers Compensation Board of Manitoba

104-04453/

Contents

2 Message from the Chairperson and President and CEO

4 Board of Directors and Board Committees

7 2003 Highlights

9 Year at a Glance

10 Prevention

15 Recovery

17 Service

21 Stewardship

23 Report of the Fair Practices Advocate

27 Financial Report

28 Management's Responsibility for Financial Information

29 2003 Management Discussion and Analysis

45 Operational Statistics

54 Statement of Actuarial Opinion

55 Auditors' Report

59 Notes to Financial Statements

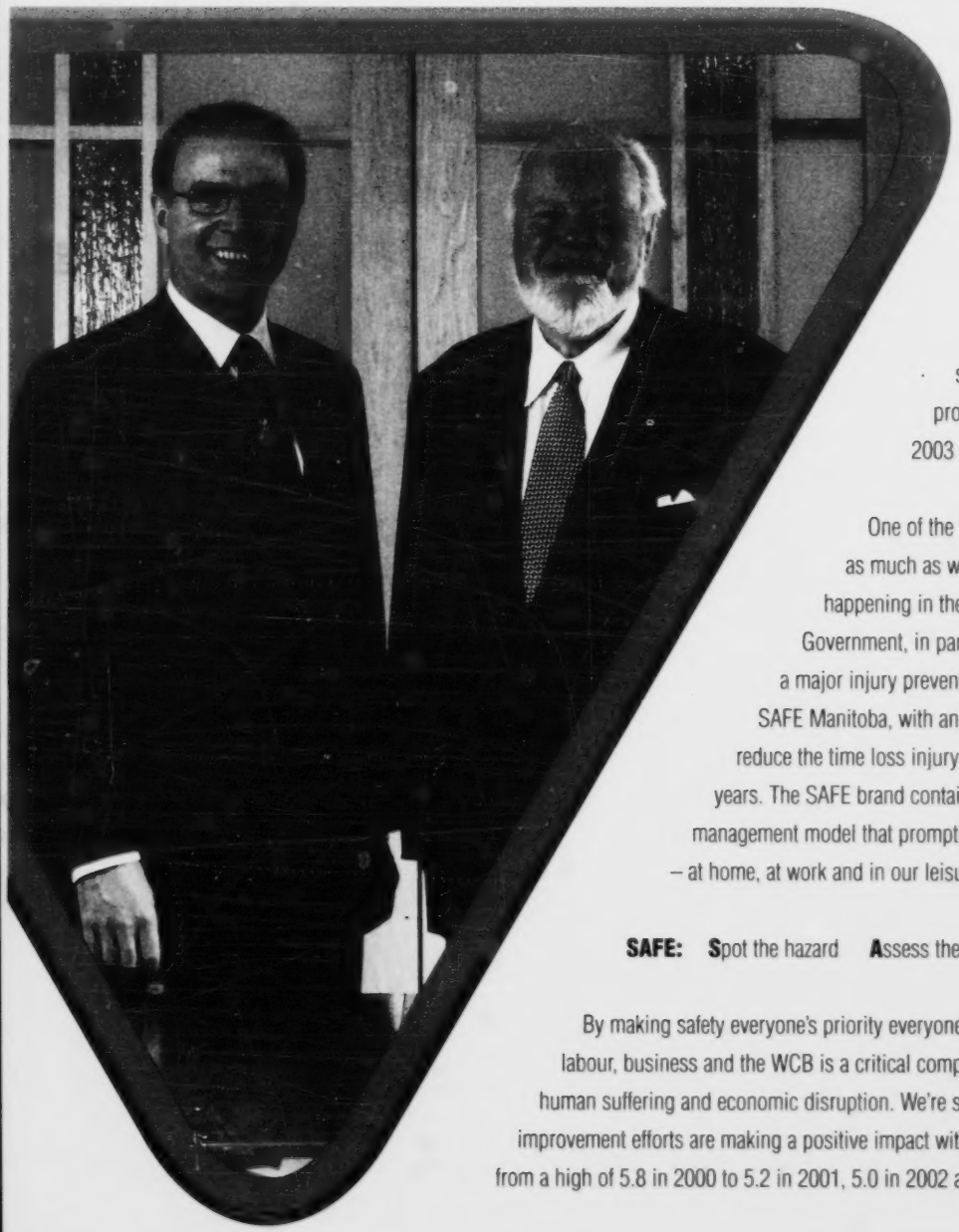
73 Statistics

This document is also available in large print format. Please call **954-4760**, toll free **1-800-362-3340** or email info@wcb.mb.ca.

For further information about the WCB's future plans please refer to the Five Year Plan 2004–2008 on our website **www.wcb.mb.ca**.

SAFE WORK MANITOBA
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Message From the Chairperson and the President and CEO



Doug Sexsmith
President and CEO - LEFT

Wally Fox-Decent
Chairperson - RIGHT

Prevention, recovery, service and stewardship – these four strategic themes provided the framework for WCB's activities in 2003 and set the agenda for several years to come.

One of the key responsibilities of the WCB is to do as much as we can to stop workplace injuries from happening in the first place. The WCB and the Manitoba Government, in partnership with labour and business, launched a major injury prevention program in 2003 under the banner of SAFE Manitoba, with an initial focus on SAFE Work. The goal is to reduce the time loss injury rate in Manitoba by 25 percent over five years. The SAFE brand contains an easy to remember personal risk management model that prompts us to think of safety in all facets of life – at home, at work and in our leisure time:

SAFE: **S**pot the hazard **A**ssess the risk **F**ind a safer way **E**veryday

By making safety everyone's priority everyone benefits. The united front of government, labour, business and the WCB is a critical component of our goal to rid the workplace of human suffering and economic disruption. We're seeing tangible results that safety improvement efforts are making a positive impact with a reduction in the time loss injury rate from a high of 5.8 in 2000 to 5.2 in 2001, 5.0 in 2002 and to 4.8 in 2003.

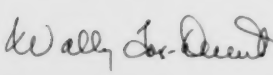
When workplace injuries happen, the WCB has a responsibility to injured workers and their employers to help them return to health and to work as soon as safely possible. With teams of staff dedicated to particular industry sectors, our claims management service has become more proactive. Injured workers and employers have tcld us very clearly that they like the team approach and the personal touch that comes with it.

Developing a stronger service culture is always a high priority for the WCB. In 2003, we adopted a Statement of Service Excellence – the WCB will provide service that is fast, easy, caring, right and clear. We are pleased to report satisfaction levels in key service areas are trending upward.

Another key responsibility of the WCB is to keep the compensation system financially sound for the benefit of workers, employers and all Manitobans. The average assessment rate remained stable in 2003. A steep decline in investment revenue, however, resulted in a year end loss of $19.2 million and necessitated a nine percent increase in the average assessment rate for 2004. With the rate increase, increasing investment returns and reserves of $56 million, the WCB's financial position remains strong.

We thank the Board of Directors for their leadership and for providing clear direction as we work together with our partners to build a safer Manitoba.

The true strength of the WCB lies with its dedicated employees. This report reflects their hard work and many accomplishments in 2003 as they strive to make a lasting and positive difference for Manitoba's injured workers and employers.



Wally Fox-Decent
Chairperson

Doug Sexsmith
President and CEO

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Board of Directors and Board Committees

The role of the Board of Directors is to approve and oversee the direction of the WCB, including policies respecting compensation, rehabilitation, assessments and appeal procedures. By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba from nominations submitted by labour, employers and the public. This tripartite representation includes a neutral Board Chairperson, three representatives of workers, three representatives of employers and three members representing the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

BOARD OF DIRECTORS

Wally Fox-Decent	*Chairperson*
Karen Naylor	*Worker Representative*
Bob Sample	*Worker Representative*
Bruno Zimmer	*Worker Representative (to September 30, 2003)*
Marla Garinger Niekamp	*Worker Representative (from October 1, 2003)*
Ed Gallos	*Employer Representative*
Ron Koslowsky	*Employer Representative*
Sharon Seabourne	*Employer Representative*
Elaine Cowan	*Public Interest Representative*
Paula Keirstead	*Public Interest Representative*
Dayna Hammond	*Public Interest Representative (to September 30, 2003)*
Brian Mayes	*Public Interest Representative (from October 1, 2003)*
Doug Sexsmith	*Chief Executive Officer*

The Board of Directors thanks Bruno Zimmer and Dayna Hammond for their many significant contributions during their tenures at the WCB.

Board of Directors - Left to Right
Elaine Cowan, Paula Keirstead, Ron Koslowsky
Sharon Seabourne, Doug Sexsmith,
Wally Fox-Decent, Karen Naylor,
Marla Garinger Niekamp, Bob Sample

Missing from this photo:

Ed Gallos

Brian Mayes

BOARD COMMITTEES

Policy Committee

Wally Fox-Decent	*Chairperson*
Karen Naylor	*Worker Representative*
Ed Gallos	*Employer Representative*
Elaine Cowan	*Public Interest Representative*
Doug Sexsmith	*Chief Executive Officer*

The Policy Committee was created under sections 51.1(2) and (3) of ***The Workers Compensation Act***. The Committee reviews and recommends changes to existing policy and initiates new policy through consultation with stakeholders of the WCB. It also serves as the Personnel Committee of the Board of Directors.

Activities of the Policy Committee in 2003:

- recommended amendments to five policies and rescission of two policies
- approved consultation on health and safety accreditation programs
- reviewed and recommended the text of the annual report and five year plan
- serving as the Personnel Committee, received reports and provided direction on human resource matters, the WCB staff pension plan and employment equity matters.

Finance Committee

Wally Fox-Decent	*Chairperson*
Bruno Zimmer	*Worker Representative (to September 30, 2003)*
Marla Garinger Niekamp	*Worker Representative (from October 1, 2003)*
Ron Koslowsky	*Employer Representative*
Dayna Hammond	*Public Interest Representative (to September 30, 2003)*
Brian Mayes	*Public Interest Representative (from October 1, 2003)*
Doug Sexsmith	*Chief Executive Officer*

The Finance Committee was established to review the financial position of the WCB including the annual budget, assessment rates and related financial policies. The Finance Committee also serves as the Audit Committee of the Board of Directors.

Activities of the Finance Committee in 2003:

- met with the WCB Internal Auditor and reviewed the Internal Audit Plan – 2003, reviewed various audit reports and considered information relating to the best practices and roles and responsibilities of an Audit Committee
- approved the financial information for inclusion in the annual report and the five year plan
- approved major contracts pursuant to WCB policy
- approved the 2004 detailed assessment rates
- considered proposals for a disaster recovery alternate facility
- dealt with a number of accounting policy issues
- met with the external auditor and the external actuary
- reviewed and recommended the 2004 budget to the Board of Directors.

Service Committee

Wally Fox-Decent	*Chairperson*
Bob Sample	*Worker Representative*
Sharon Seabourne	*Employer Representative*
Paula Keirstead	*Public Interest Representative*
Doug Sexsmith	*Chief Executive Officer*

The Service Committee assists the WCB's administration in accelerating and monitoring service improvements and recommends approval of funding under the WCB's Community Initiatives and Research Program.

SAFE WORK
SAFE SPOT THE HAZARD. ASSESS THE RISK. FIND A SAFER WAY. EVERYDAY

Activities of the Service Committee in 2003:

- recommended approval of 2003 Community Initiatives and Research Program (CIRP); reviewed applications and made recommendations for funding; and approved revisions to the application process for the CIRP
- met with staff representatives from case management, representatives of the Worker Advisor Office, the Manitoba Chiropractic Association and delegates to the Association of Workers' Compensation Boards of Canada 2nd Public Forum on the Occupational Health and Safety of Young People
- received presentations and provided input on various service initiatives including return to work activities and means of expediting payment of short term claims
- reviewed and approved the creative brief and statement of work for the public awareness campaign and provided ongoing monitoring.

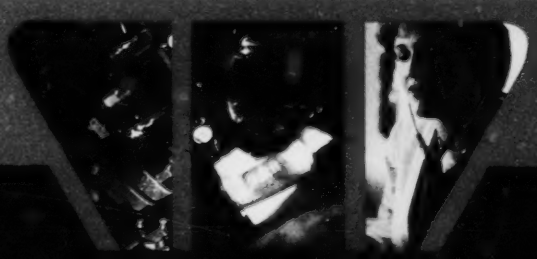
INVESTMENT COMMITTEE

Wally Fox-Decent	*Chairperson*
Bob Darling	*Employer Representative*
Pat Gannon	*Deputy Minister of Finance*
Sherman Kreiner	*Advisor*

The Investment Committee was created under Section 95 of ***The Workers Compensation Act*** to regularly review WCB investments and provide clear, written direction for the investment portfolio. The Investment Committee, under the terms of a formal statement of investment policies and procedures, oversees a portfolio diversified across a number of distinct asset classes. This approach has enabled the investments to weather volatile equity markets and provides stability to the portfolio. The committee is working to grow the current real estate portfolio and continues to consider additional avenues for investment in the Manitoba economy.

Activities of the Investment Committee in 2003:

- provided construction/development financing to Smartpark, University of Manitoba
- approved investment in the Manitoba Property Fund, spearheaded by Crocus Investments and Shelter Corporation
- approved investment in Magellan Venture Partners
- approved investment in the RFG Private Equity Limited Partnership
- selected Michael Jantzi Research Associates to audit the investment portfolio for social responsibility.



2003 Highlights

WORKING TOGETHER TO BUILD A WORKPLACE SAFETY AND HEALTH CULTURE

Prevention activities were energized and supported by the SAFE Work media campaign. Two multi media campaigns reached throughout the province. Employer and worker response was enthusiastic as demonstrated by participation in SAFE Work events and requests for campaign material. Collaboration with the Workplace Safety and Health Division, education departments, private trainers and industry partners has resulted in the production of important health and safety resource material for a wide cross-section of Manitoba's economy.

KNOWING OUR CUSTOMERS THROUGH CASE MANAGEMENT

The popular case management model continues to build relationships between case managers and employers and injured workers through the increased knowledge that comes with specialization in industry sectors.

LISTENING TO OUR CUSTOMERS

WCB began reorganizing short term claims so employers and injured workers more often deal with just one person at the WCB. We acted on the advice of our customers who told us they want one point of contact.

RETURNING WORKERS TO HEALTH AND WORK

The timely and safe return of workers to health and work continued to be a high priority of the WCB. An advisory committee was formed to allow stakeholders to work collaboratively to improve return to work procedures.

SUPPORTING HEALTHCARE SERVICES

A four-year agreement with chiropractors paves the way for chiropractic participation in return to work initiatives. This continues the strategy of building positive structured relationships with healthcare providers.

MAINTAINING WCB RATES AS A MANITOBA ADVANTAGE

The average assessment rate remained stable in 2003. However, a steep decline in investment revenue necessitated the announcement of a nine percent average assessment rate increase for 2004. Even with the increase, WCB rates in Manitoba remain among the lowest in Canada.

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

MAINTAINING A STRONG FINANCIAL POSITION IN CHALLENGING TIMES

Despite a $19.2 million operating loss in 2003 the WCB is in sound financial shape with strong reserves. The loss this year was incurred mainly because of the reduction of investment revenue and was absorbed by the Rate Stabilization Fund. With $56 million in reserves the WCB of Manitoba is one of the few fully funded systems in Canada.

PROVIDING SERVICE TO CUSTOMERS IN THE NORTH

Claimants and employers have indicated they greatly appreciate the service provided by the WCB Thompson office. 2003 marked the first full year of operation and the hiring of a staff member from the local community.

Thompson Staff - Left to Right

Darlene Mulholland, Eric Einarson, Joan Acheson

Year at a Glance

	2003	2002
Number of workers covered	368,400	367,600
Number of registered employers	24,639	24,453
Total claims reported	42,494	42,985
Time loss claims reported	19,189	19,707
Fatality claims accepted	24	19
Claim costs incurred	$155,533,000	$131,910,000
Administration expenses	$40,101,000	$40,083,000
Administration cost per accepted time loss claim	$2,254	$2,161
Average duration of claims (all years)	40.5 DAYS	39.6 DAYS
Reserves	$56 MILLION	$75 MILLION
Average premium assessment rate (budgeted)	$1.56	$1.56/$1.49

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Themes

Four strategic themes provided the framework for WCB's activities in 2003 and set the agenda for several years to come - prevention, recovery, service and stewardship.

Prevention

SAFE MANITOBA JOINT INITIATIVE TO RAISE AWARENESS OF NEED FOR SAFETY CULTURE IN MANITOBA

The WCB and the Manitoba Government, along with their partners in labour and the business community, launched a comprehensive injury prevention program under the banner of SAFE Manitoba in 2003. The joint prevention initiative grew out of 62 recommendations presented in January 2002 by the Minister of Labour's Review Committee on Workplace Safety and Health. A key recommendation, to be implemented under the SAFE Manitoba umbrella, is to build a strong safety and health culture in Manitoba.

SAFE MANITOBA
S SPOT THE HAZARD
A ASSESS THE RISK
F FIND A SAFER WAY
E EVERYDAY

Activities to accomplish a major goal, to reduce the workplace time loss injury rate by 25 percent over five years, continued under the SAFE Work brand. We are pleased to report that the injury rate is declining from 5.8 in 2000, to 5.2 in 2001, to 5.0 in 2002, to 4.8 in 2003.

The WCB and Manitoba's Workplace Safety and Health Division (WSHD) launched a major SAFE Work campaign in June 2003, to draw attention to the need to prevent workplace injuries and deaths. In June and July, the first stage of public ads featured an easy to remember risk assessment model, or mental cue, to promote safety at work and in all walks of life:

SAFE: **S**pot the hazard **A**ssess the risk **F**ind a safer way **E**veryday

The SAFE message was featured in television, radio, newspapers and on billboards. Brochures, posters and stickers were also distributed to Manitoba workplaces.

SAFE WORK
S SPOT THE HAZARD
A ASSESS THE RISK
F FIND A SAFER WAY
E EVERYDAY

WCB Workers Compensation Board of Manitoba

This message was reinforced with a display of the WCB-sponsored LifeQuilt on June 23 and 24 at the Legislative Building. The LifeQuilt is a commemorative quilt dedicated to young workers across Canada who were fatally injured on the job. Nine Manitobans are commemorated on the LifeQuilt.

A dramatic television ad was the centrepiece of Phase 2 of the SAFE Manitoba joint initiative in September. Phase 2 of the SAFE Manitoba campaign continued to reinforce the personal risk management model promoted in Phase 1.

Phase 2 strategically focused on hand injuries. Nearly 25 percent of all workplace injuries are to the hand, and one in three of these injuries results in time lost from work. In 2003 alone, Manitoba workers reported almost 8,000 hand injuries to the Workers Compensation Board.

It will take a number of years and a great deal of persistence to help change Manitobans' knowledge, attitudes and behaviour around safety, but there are indications that the SAFE Manitoba campaign is reaching people. The WCB engaged an independent firm to conduct a survey in early 2003, before the campaign began, and again in December, after the second flight of television ads. The results are informative:

- the number of participants who felt they were less likely to take risks now than they were in the past remained relatively steady, at 70 percent in the first survey and 71 percent in the second
- the number of participants who perceived themselves as being knowledgeable of proper safety practices at work fell from 73 percent to 63 percent - undoubtedly demonstrating that the ads helped people see that they were not as aware of safety practices as they thought they were
- those who would consider asking about safety before performing a job jumped from 57 to 70 percent, and
- those who said they would wear proper safety equipment rose eight percent, from 40 percent to 48 percent.

The WCB will track the progress of the SAFE Manitoba campaign through future surveys.

"It's important to make safety a priority in the minds of all Manitobans. The toll of a workplace injury extends far beyond productivity and economics. When a worker is injured it affects his or her family, the community and our province as a whole."

Rob Hilliard,

President, Manitoba Federation of Labour

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

WCB CIRP FUNDS PREVENTION AND SAFETY INITIATIVES

Established in 1997, the Community Initiatives and Research Program (CIRP) provides up to $1 million annually to fund projects focusing on accident and disease prevention, safety in the workplace, treatment of workplace injuries, services for injured workers and scientific, medical or other issues related to workers' compensation. The program falls within the mandate of ***The Workers Compensation Act***. In 2003 the WCB was interested, in particular, in workplace or community-based projects addressing:

- the occupational health and safety of Aboriginal people working on and off reserve
- awareness and knowledge of occupational health and safety rights and information for workers with literacy challenges
- gender issues related to workplace injuries and disease, specifically prevention approaches, service issues (i.e. treatment availability and options) and gender differences in injury and recovery patterns.

Since the inception of the program, approximately 65 percent of all funding has supported prevention initiatives.

Since the CIRP first began funding workplace safety research and programs, 79 innovative projects have been completed or are still in operation.

One of the major projects that continues to receive funding by the CIRP is Safe Workers of Tomorrow. This organization facilitates hundreds of speaking engagements throughout the year, raising awareness of safety in the workplace to students about to enter the workforce for the first time. From September 1, 2002 to August 31, 2003, 368 presentations were made to 10,385 students. A speaker's bureau of 200 people, including young injured workers, parents of young workers killed on the job and business, labour and government representatives involved in workplace safety, made the presentations.

"No job is worth a life. Young workers often don't know what dangers there are in the workplace and what precautions they can take to avoid getting hurt. Training our kids is an important step to preventing families in the future from suffering through what we did."

Cindy Skanderberg,

Mother of Michael Skanderberg who died because of an injury at work

WCB Workers Compensation Board of Manitoba

SCORECARD SHOWS HOW REDUCING INJURIES IMPACTS WCB PREMIUMS

The ScoreCard is an interactive tool that allows employers to see the relationship between their claim costs and experience and their WCB assessment rates. The ScoreCard project also provides best practices from Manitoba employers proven to affect change.

Expanding on a pilot project that began in 2002, the ScoreCard initiative encourages the improvement of firms' injury experience by sharing effective disability management systems, safety and health practices and by illustrating how reducing workplace injuries impacts employers' assessment rates.

The ScoreCard creates employer awareness of the need to address injury prevention and disability management that will reduce claim costs and the frequency of claims. As well, it also creates awareness at the industry level through ScoreCard presentations to industry associations.

Since December 2002, 81 firms have been visited by the WCB through the ScoreCard initiative.

YOUNG WORKER INITIATIVES FOSTER STRONG SAFETY AND HEALTH CULTURE

As part of the overall strategy to foster a strong occupational safety and health culture in Manitoba, the province's Workplace Safety and Health Division (WSHD) assigned a coordinator to plan and lead a Young Worker Safety and Education Initiative in conjunction with the WCB, Manitoba Education and Youth, Manitoba Advanced Education and Training and other partners. The Young Worker Safety and Education Initiative developed and promoted occupational health and safety materials and resources for the senior years' school curriculum. WSHD and WCB are working with various areas in Manitoba Education to ensure that educators in the schools will utilize these resources. The initial phase of the project focused on promoting awareness and access to information for students, teachers, parents and other key players.

"The vast majority of employers care deeply for the safety and health of their employees. Beyond this, safe work practices are good business because reducing lost time injuries lowers costs and improves productivity."

Bill Gardner,

Winnipeg Chamber of Commerce

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

This was accomplished through the development and distribution of publications and a CD ROM, developing an occupational health and safety curriculum for colleges, presentations, creating SAFE Work procedures for critical tasks in schools, establishing the Minerva Safe Manitoba Occupational Health and Safety Award at the University of Manitoba and Red River College and providing input to the national Passport to Safety program for young workers.

PREVENTING OCCUPATIONAL DISEASES A PRIORITY

Workplace Safety and Health's Chief Occupational Medical Officer and the WCB networked with the College of Family Physicians to improve the reporting, diagnosis and investigation of occupational illness.

As well, reports of occupational illness received by WCB are being shared with the Chief Occupational Medical Officer to identify "sentinel" events (events that may foreshadow an eventual illness) for educational and preventive purposes.

BUILDING PARTNERSHIPS AND COMMUNITY SUPPORTS TO ENHANCE SAFETY IN WORKPLACES

In 2003 we worked with our industry partners to build networks within industry sectors to enable the sharing of resources and information, with the objective of enhancing the safety of workplaces in those industries. Other activities to build partnerships:

- the WCB President and CEO launched a series of CEO to CEO meetings with industry leaders to emphasize the importance of workplace safety and the need to prevent workplace accidents from happening
- staff met with existing safety associations to promote the requirement for the safety and health programs in workplaces and to begin mentoring relationships among existing associations.

"We are committed to changing public attitudes and behaviour on safety. We want people to believe as we do that workplace injuries are unacceptable and preventable. The physical and emotional costs alone for workers and their families are tragic, but we also should acknowledge the significant effect workplace injuries have on Manitoba businesses and the wider economy."

Wally Fox-Decent,

WCB Chairperson

Recovery

ASSISTING INJURED WORKERS TO RETURN TO HEALTH, AND TO WORK AS SOON AS SAFELY POSSIBLE

Each year the WCB receives about 20,000 time loss claims and the goal is to help injured workers get back to health and to work as soon as safely possible. Returning to work as soon as possible helps make recovery more rapid and complete.

Over the past three years the WCB has made significant changes to the claims process to make it easier, faster and more efficient. The sooner a claim is reported and the sooner all the required information is gathered, the sooner the WCB can provide services to help injured workers recover. Telephone reporting of claims, telephone and online filing of information by employers and fax reporting of information by healthcare providers has resulted in faster acceptance of claims and injured workers receiving benefits more quickly.

Other return to work activities focused on key areas identified as priorities by WCB stakeholders at a seminar held in June 2002:

MUTUAL TRUST

A Return to Work Stakeholder Advisory Group was established with representatives from workers, employers, healthcare providers and the WCB to build trust and collaborate on return to work issues and activities. A manager was appointed to ensure the implementation of the return to work strategy.

COMMUNICATIONS WITH AND ACCESS TO HEALTHCARE PROVIDERS

WCB staff met with a number of healthcare providers to further discuss and encourage their vital role in the return to work process.

MORE FOCUS ON RETURN TO HEALTH AND WORK FOR SHORT TERM CLAIMANTS

A training program on return to work was developed for WCB staff managing shorter term claims. The criteria on transferring claim files from short term claims to case management were reviewed to ensure injured workers receive the right type of service at the right time.

ENHANCED COMMUNICATIONS AMONG ALL PARTIES

The importance of helping injured workers recover and the benefits of an early and safe return to work for injured workers were promoted in a number of trade and safety publications. Communications to injured workers with a time loss claim were expanded to include information on return to work planning and details to assist in the return to work process. The development of additional communications pieces geared to injured workers, employers and healthcare professionals was begun along with information for the WCB website.

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

PREVENTION AND EDUCATION

The first draft of a booklet to help employers set up return to work programs was developed.

CONSISTENT APPLICATION OF WCB POLICY

Return to work operational guidelines were developed and training was provided to staff to support the consistent application of the WCB's policy on modified and alternate return to work.

DISABILITY MANAGEMENT PROGRAMS

A new training module on disability management was developed and provided to case managers. The program reinforces the importance of disability management for the WCB and its external partners, defines roles and spells out the benefits of workplace disability management procedures for everyone involved.

Presentations were provided to 76 employers on the importance of a disability management program in the workplace, and the WCB's Disability and Risk Management Resource Guide was updated to provide employers with current information on resources available to help them deal with various disability management issues such as training, return to work programs and occupational therapy.

ROLE OF THE WCB

The WCB facilitates the return to health and work process with its injured worker, employer and healthcare provider partners. A new return to work training module was developed to ensure WCB staff remain sensitive to the physical, emotional and financial needs of injured workers, along with the positive benefits of timely and safe return to work opportunities for all involved.

A return to work best practices pamphlet was developed for WCB staff to help guide their return to work activities with injured workers and employers.

A survey of former claimants reflected that, on average, 86 percent are still working after one year, 32 percent experience work interruptions once back at work, 20 percent experience another work related injury and six percent experience a recurrence related to their original injury.

A system to improve measurement of return to work outcomes is being developed to track performance in this important area of the WCB's service.

SMALL BUSINESSES

It's often a challenge for small businesses to offer modified or alternate work to injured workers. The WCB funded three research projects to help develop and implement workplace prevention and disability management programs and effective accommodation and job redesign practices for small employers.

Service

HEALTHCARE PROFESSIONALS PLAY IMPORTANT ROLE

Manitoba's healthcare professionals play an important role in helping injured workers return to work. The WCB continued discussions with healthcare providers to find ways of working together to further facilitate return to health and early return to work opportunities. For example, the WCB reached a four-year agreement with chiropractors on treatment and reporting fees. The contract gives the WCB four years of predictability in an important component of healthcare costs while at the same time it provides stability of service for the claimants who are depending on their care.

CASE MANAGEMENT MODEL HELPS BUILD PARTNERSHIPS

Managing claims by industry sector has resulted in the development of partnerships with injured workers, unions and employers. The model implemented in 2000 has resulted in a more proactive management of claims. It has also facilitated a better understanding by WCB's claims management teams of the various industries, and by injured workers and employers of WCB's decision making process.

As we continue to build relationships and gain knowledge about each other, we continue to explore new ways and means to help injured workers get back to work as soon as safely possible.

A commitment to excellence in customer service has a long history at the WCB. Not content to let things stand, we know that our customers' expectations of service delivery continue to evolve with the times. We are prepared to continue to strive to meet the needs of all our customers. We made significant strides in 2003, laying the foundation for continued advancement in this important area.

In 2003, the WCB adopted a Statement of Service Excellence – We will provide service that is fast, easy, caring, right and clear. Service improvements undertaken in 2003 in response to the "voice of the customer" demonstrate commitment to the Statement of Service Excellence. It is as a direct result of customer feedback provided through surveys, focus groups and direct communication links with our staff that the WCB responded with service improvements.

Our 2003 year end survey of employers indicates more than 8.2 in 10 feel that their expectations have been met or exceeded by the WCB. The overall satisfaction rating by employers has increased from 6.9 in 2002 to 7.1 in 2003. Workers' overall satisfaction levels have been increasing steadily from 6.2 out of 10 in 1995 to 7.4 in 2003. While these are very positive indicators, we are always looking for ways to improve.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

SERVICE QUALITY COMMITTEE FORMED, CUSTOMER SERVICE PLANNING SESSIONS HELD

In order to further enhance customer service and promote a culture of service within the WCB, a cross functional Service Quality Committee was established. The committee will provide advice and direction on customer service improvements, help to develop and implement a framework of service standards and communicate the importance of customer service through words and actions.

Customer service planning sessions were held with a cross section of staff to obtain input to the Statement of Service Excellence and the Service Improvement Plan.

SERVICE PLAN DEVELOPED AND APPROVED, SERVICE EXCELLENCE FRAMEWORK DEVELOPED

The customer service planning sessions held in 2003 outlined a multi–year Service Improvement Plan. One element of the plan is a customer service training program that will be piloted in 2004. The WCB is committed to developing a stronger service culture within the corporation through the implementation of a customized, comprehensive customer service training program that will ensure that staff put the elements of the Service Excellence Statement into action. A focus on skill development is a hallmark of a strong service culture. We have identified a list of behaviours and skills that individuals need to deliver excellent customer service.

ADJUDICATE AND PAY PROCESS REDESIGN LAUNCHED

Extensive planning was done in 2002 to completely redesign the current adjudicate and pay process. This major project, by far the largest initiative across the organization, will meet clients' needs for faster and better services – primarily, faster decisions and payment of benefits.

An electronic claim system is being developed that will allow more than one WCB staff member to view the file at any given time, thus reducing hand-offs and wait time for claim files to be located. This will facilitate the provision of timely responses to customer enquiries and give staff prompt access to the information they need in order to make decisions and provide injured workers with benefits more quickly. The new system will be implemented in 2004.

In 2003, a role consolidation pilot was implemented in the department managing shorter term claims. This empowered staff to take on a more comprehensive, full service role for our customers resulting in a more consistent "fewer points of contact" approach to doing business with the WCB. The results to date are fewer hand-offs from one staff member to another, stronger relationships with workers and employers, a better understanding of specific workplaces, and ultimately, faster response times when an injury occurs.

Also in 2003, staff in our Claim Information Centre began telephoning for information on claims for injuries that develop over time such as repetitive strain injuries. The information was previously collected by adjudicators. The result is the adjudicators have more complete information when the claim reaches them and are able to make decisions more quickly while remaining diligent about ensuring the accuracy of the information.

To help facilitate this process, a data base of information on 500 employers with the most claims has been set up to record the employers' preferred method of communication with the WCB when they are not the first to report an accident – phone or fax. Gathering the information in this way ensures we are communicating with employers through their preferred channels and we are receiving claim information from all the sources on a timely basis in order to make expedient decisions on claims.

Another change made in 2003 was to align claims for occupational diseases with industry sectors and transfer this type of longer term claim to the case management area as early as possible. Previously, this type of claim stayed within a particular unit to resolution. Transferring longer term occupational disease claims to case management ensures consistent service delivery to all our customers.

CUSTOMER FEEDBACK OPPORTUNITIES ENHANCED

The WCB strives to increase stakeholder satisfaction by providing more opportunities for customer feedback. The WCB has begun to enhance its customer survey tools and improve the way that it uses the information these tools provide.

Customer satisfaction surveys of our two key stakeholder groups – workers and employers – have long been a guide to how we are doing in the eyes of our customers. In 2003, this information took on new meaning. Through a more thorough analysis of the data, reports are now generated that can be shared with staff in specific areas to show how customer satisfaction levels in their areas compare to the organizational average. It allows us to more easily spot trends and pinpoint areas for service review and improvement. Most importantly, these reports keep the "voice of the customer" front and centre.

Telephone pilot conducted

As an example of improved use of the customer data, a pilot project was conducted in case management to address customers' concerns regarding timeliness of returned phone calls and frustrations with voice mail. Research tools were used to determine customer expectations for return phone calls. Based on the information provided by our customers, a pilot was run to determine practicality and impact of proposed telephone service standards and voice mail guidelines. Ultimately, standards and guidelines have been recommended and are to be implemented organization-wide in 2004.

DECISION MAKING AND PAYMENT PROCESSES EXPEDITED

Improving the timeliness of the adjudicate and pay process is ultimately a long term process involving significant change. In order to better meet the needs of our customers in the interim, an initiative was implemented on a pilot basis in the department managing shorter term claims to reduce the amount of time it takes to make initial decisions and payments.

The ultimate goal of this pilot is to increase the frequency of the number of claims in which the first payment to injured workers is made within 14 days of their injuries. To make this happen, WCB staff have

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

become more proactive in obtaining the information necessary to make decisions and payments on a more timely basis. While decisions are being made more quickly, staff remain diligent in confirming the accuracy of the information obtained.

CASE MANAGEMENT EVALUATION SHOWS NEW MODEL SUPERIOR

The new case management model was reviewed in 2002-2003. This evaluation found that WCB stakeholders view the new case management model as superior to the previous system. While stakeholders identified areas that could be improved and made suggestions on how this might be done, they also pointed to many aspects of the model that work extremely well and noted that their experiences with the new model have been very positive.

Workers who had claims under both the old and new models greatly appreciated the increased customer service they received under the new model. Employers also preferred the enhanced service under the new model, and many shared the perception that a single point of contact promoted earlier return to health and work. Many said the new model had a positive impact on claim costs and their assessment rates.

NEW EMPLOYER ACCOUNTS UNIT IMPROVES SERVICE

In January 2003 the Employer Registration and Employer Enquiry units were merged to form the Employer Accounts unit. The purpose was to move away from a specialized model of performing tasks to a more generalized model. By having more staff both trained and available to address employer enquiries the level of customer service has been significantly enhanced.

FIREFIGHTERS RESEARCH BEGUN

Scientific research funded by the Workers Compensation Board began December 1, 2003 to determine if certain cancers are occupational diseases of part-time or volunteer firefighters in Manitoba.

Similar research on full-time firefighters resulted in an amendment to ***The Workers Compensation Act*** in May 2002 that presumes certain diseases are caused by risks faced by full-time firefighters. Exposure to the hazardous conditions must have taken place over a number of years which are specified in the regulations to the Act.

While part-time and volunteer firefighters are already covered by workers' compensation, this three year research project will study any links between these specific cancers and their susceptibility to these illnesses in later years.

Stewardship

WCB FINANCIAL POSITION REMAINS STRONG

In 2003 the WCB faced significant financial challenges largely due to investment revenues that continue to be below historical levels. As a result, a $19.2 million operating deficit was recorded for the year. A nine percent increase in the average assessment rate was announced for 2004.

In spite of the fiscal environment, the WCB maintained the lowest average assessment rate of all the provinces for 2003 and 2004. In addition, the WCB had the lowest administration cost per time loss claim across the country for 2002 and worked diligently to keep 2003 expenses low. The WCB of Manitoba is one of a small number of workers' compensation agencies that is fully funded, with aggregate reserves of $56 million.

The WCB continually searches for ways to become more efficient administratively and in 2003 was able to contain administration expenses through such means as renegotiated supplier contracts and improved buying practices.

TECHNOLOGICAL ADVANCES SUPPORT SERVICE IMPROVEMENTS

A continual upgrade of the WCB's computer systems was made to allow WCB programs to be maintained as efficiently as possible, and to support service improvements. We will continue to enhance our systems to keep pace with changing technology and new ways of doing business such as online services, with the underlying goal to make the WCB more efficient and user friendly.

DISASTER RECOVERY PLANNING UNDERWAY

Business impact assessments were completed for all areas of the WCB. Based on the results of these assessments, recovery time objectives (how quickly the supporting technology must be recovered) and recovery point objectives (how often the data is backed up for recovery purposes) have been defined. These objectives will be used to formulate the business process and technology recovery plans.

SAFE WORK MB SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

STAFF ARE THE DRIVING FORCE

The driving force behind any successful organization is its staff. The WCB is fortunate to have a workforce dedicated to providing high quality service to injured workers and employers.

In 2003, CUPE Local 1063 and WCB management worked collaboratively to conclude a new three-year collective agreement. The administration continued to support employee personal growth through training and professional development to enable the WCB to continually improve service. As an employer, the WCB is also committed to equity and diversity in our workforce by ensuring the designated groups – women, Aboriginal people, visible minorities and persons with disabilities – have equal opportunity for employment and advancement at the WCB. Workshops for all staff were launched in 2003 and will continue in 2004 to raise awareness and understanding of employment equity and the importance of a fair, equitable and respectful workplace.

In addition to meeting organizational goals, the WCB employees are committed to their communities. Staff members exceeded their own goals and as a result, the WCB's United Way Campaign was recognized among the top 50 workplace campaigns in Manitoba.

The WCB held a Long Service Award Program to show its appreciation to 75 staff members marking service milestones in 2003. Among those being recognized were 10 individuals employed at the WCB for 20 years, four employed for 25 years and two who have been with the WCB for 30 years.

REPORT OF THE FAIR PRACTICES ADVOCATE

2003 ANNUAL REPORT

WORKERS COMPENSATION BOARD OF MANITOBA

Report of the Fair Practices Advocate 2003

As in past years, it has been a privilege for myself and the staff of the Fair Practices Office (FPO) to serve the injured workers and employers of Manitoba and to provide Ombudsman services on behalf of the Workers Compensation Board of Manitoba. With the assistance of the Board of Directors, Executive Management and the staff of the WCB we have endeavoured to assist injured workers and employers experiencing difficulty in dealing with the WCB.

Collectively, the administration and staff demonstrate a willingness to listen to the complaints that come to them through the Fair Practices Office. They acknowledge that some employers and workers have not been fairly treated and they endeavour to resolve concerns when a remedy to the complaint is warranted. Without this expression of good will, it would not be possible for the Fair Practices Office to achieve its goals. It is this good will that allows most cases brought to the administration by the Fair Practices Office to be resolved through informal interventions.

Among the issues that continue to require attention are communication and service complaints. The number of complaints in this category has increased in the last two years from 136 in 2001, to 169 in 2002 and to 220 in 2003.

Significant improvement has occurred in the number of issues on unadjudicated claims. In past annual reports, the Fair Practices Office has highlighted the negative effect on injured workers when they have to wait an inordinate amount of time for their claims to be adjudicated. Based on the complaints to the FPO, the WCB has achieved improvement in this area. The number of complaints improved from 117 complaints in 2001, to 83 in 2002 and fell again to 69 in 2003. I am encouraged that, despite the noticeable change in this area, the WCB recognizes that more work is required and continues to examine strategies to achieve further gains in this critical area.

Widespread awareness of the availability of Ombudsman services through the Fair Practices Office is important. To ensure this awareness, the FPO is involved in a joint project with the administration and the Service Committee of the Board of Directors to enhance knowledge of the service. The initiative will ensure that those who need the services are aware of how to access them. With planning already begun in 2003, the initiative will be fully implemented in 2004.

There are a number of positive effects that come from callers who contact the FPO. First, the issues brought forward contribute to the creation of an introspective organization that constantly evaluates its services through the eyes of those it serves. Second, it allows individual staff the opportunity to learn from the experiences of the complainant. Third, it can afford the organization the opportunity to correct a situation without putting the claimant or employer through a lengthy appeal process. Fourth, it helps both line staff and management identify training needs. Fifth, it creates a degree of empowerment and satisfaction for the claimants.

ROLE AND MANDATE

The Workers Compensation Board established the Office of the Fair Practices Advocate in the tradition of the Ombudsman role to assist both injured workers and employers when they identify concerns arising out of fairness or natural justice. The FPO provides a safeguard for employers and workers and gives a voice to those who feel compelled to take their complaints to an independent office.

The mandate of the FPO is to hear complaints and to investigate. The WCB has given the Fair Practices Advocate unfettered access to any information deemed necessary to carry out the investigation on behalf of employers or injured workers.

The Fair Practices Office is not a level of appeal. The levels of appeal are the Review Office, where the WCB will reconsider its decision, and the independent Appeal Commission. These bodies may substitute their judgement for that of the administration. In the Ombudsman tradition, the Fair Practices Advocate is not empowered to reverse, overturn or stay a decision. The Advocate may make recommendations for correction if it is determined that an action or a decision of the WCB has been clearly wrong or unreasonable.

PROCESS

The Fair Practices Office has designed its process to allow for easy access for employers and injured workers. Experience has demonstrated that most complainants welcome using the telephone to make complaints and the informality this allows. Staff record all relevant information on intake and an investigation is conducted. Whatever the outcome, feedback is provided to the complainant on all issues that have been raised.

If the issue raised is determined to have merit, it is discussed with management staff. In addition to providing an opportunity for resolution of the current issue, this approach allows management to combine this information with other management information available to them and identify the need for remedial or systemic action.

Pat Macgillivray

Fair Practices Advocate

SAFE WORK MANITOBA
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

ENQUIRIES TO THE FAIR PRACTICES OFFICE BY TYPE 2001 - 2003

Year	2003	2002	2001
Communication/Service*	220	169	136
Disagreements with Decisions **	240	235	266
Unadjudicated Claims***	69	83	117
Process Delays****	87	68	68
Information*****	240	234	211
TOTAL	**856**	**789**	**798**

Category descriptions:

* *Communication issues deal with complaints where claimants feel they are not getting the information or service they need when they need it or in a way they understand it.*

** *This category captures all complaints where there is a disagreement related to claims management, benefits entitlement or termination of benefits.*

*** *The unadjudicated claim category captures complaints where claimants are waiting to have their claims adjudicated because they are without income.*

**** *This category describes issues where claimants waited longer than they thought appropriate. Typical, are situations in which claimants may have waited for benefit cheques, medical aid expense payments or medical aid authorization.*

***** *This category describes situations where a claimant or an employer is seeking information on legislation, board policy and procedure or claim status.*

WCB Workers Compensation Board of Manitoba

FINANCIAL REPORT

2003 ANNUAL REPORT

WORKERS COMPENSATION BOARD OF MANITOBA
SERVICE DRIVEN. SAFETY MINDED.

Management's Responsibility for Financial Information

The financial statements of the Workers Compensation Board of Manitoba (WCB) were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in the annual report conforms to these financial statements.

Management believes the system of internal controls, review procedures and established policies provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. Management also believes that the WCB's operations are conducted in conformity with the law and with a high standard of business conduct. The Internal Auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and has approved the financial statements and other financial information included in the annual report.

The Board of Directors is assisted in its responsibilities by the Finance Committee which acts as the Audit Committee. This committee reviews and recommends approval of the financial statements, budgets and annual reports. Internal and external auditors and the actuary have unlimited access to the Finance Committee. The Finance Committee reviews the financial statements and the other contents of the annual report with management and the external auditors and reports to the Board of Directors prior to their approval for publication.

The firm of Mercer Human Resource Consulting has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent review of the actuarial valuation of the benefit liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial practices.

Grant Thornton LLP, independent auditors appointed as a sub-agent to the Provincial Auditor General, has performed an independent audit of the financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and includes the opinion expressed on the financial statements.

Doug Sexsmith
President & CEO

Harold B. Dueck, CA
Vice President, Finance & Administration

February 27, 2004

WCB Workers Compensation Board of Manitoba

2003 Management Discussion and Analysis

As an integral part of the annual report, the Management Discussion and Analysis provides further insights into the operations and financial position of the WCB.

The Workers Compensation Board operates under the authority of ***The Workers Compensation Act of Manitoba***. The WCB is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers and for levying and collecting assessment revenues in an amount sufficient to cover the current and future costs of workplace injuries. The WCB obtains its revenues from (i) premiums charged to Class E (general body) employers based on assessable payrolls; (ii) assessments from self-insured employers; and (iii) income from its investment portfolio.

The Workers Compensation Board of Manitoba does not receive government funding or assistance. It provides funding to the government to cover 95% of the costs of operating the Workplace Safety and Health Division and 100% of the Worker Advisor Office.

The WCB insures approximately 70% of the workers in Manitoba, employed by 24,639 registered employers.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

2003 Financial Highlights

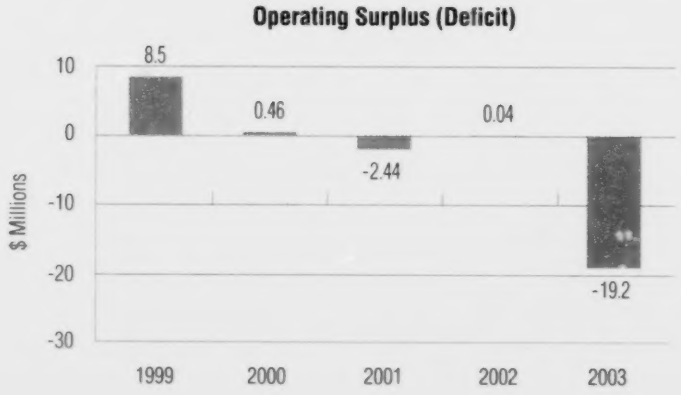
RESULTS OF OPERATIONS

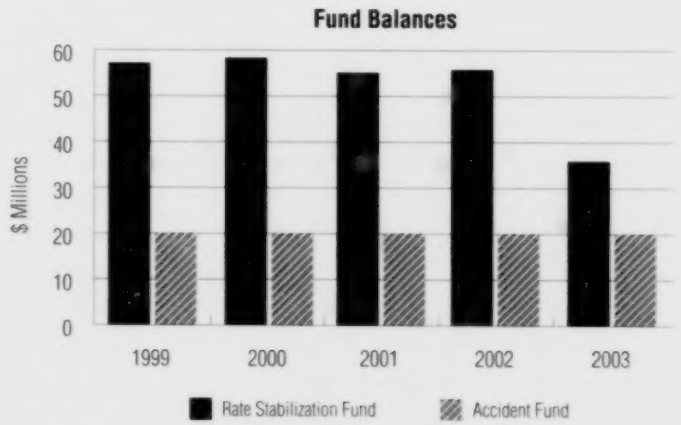
The 2003 result is a deficit of $19.2 million. The loss is attributed tc investment income results that were approximately $30 million below normal. The 2003 operating deficit has been charged to the Rate Stabilization Fund, leaving the WCB with total reserves of $56.0 million.

Total revenue for 2003 was essentially flat in comparison to 2002. An increase in premium revenue was offset by the sharp decline in investment income.

Premium revenue for Class E (general body) employers rose 12.3% in 2003 due to increases in assessable payrolls brought about by employment growth, wage increases and a concentrated growth in higher rate industries. The 2003 preliminary average assessment rate is $1.62 compared to $1.53 in 2002, largely due to the increased activity in the higher rate industries mentioned above. Given the revenue challenge surrounding investment income, a rate increase was implemented on January 1, 2004 which increases the average assessment rate to $1.70.

Total investment income was $21.9 million, 35% lower than 2002's total of $33.8 million. This is also 60% lower than 2001's total of $54.1 million, further illustrating the erosion in this revenue source over the past several years. The 2003 market rate of return (before fees) was 11.0%; however, due to the WCB's five year smoothing policy for recognition of market gains and losses, in-year income is depressed by poor performance resulting from the bear markets in 2000 to 2002. The WCB's experience in the investment market is similar to others that hold a mixed portfolio weighted heavily in equities.





WCB Workers Compensation Board of Manitoba

Claim costs incurred for 2003 were $155.5 million, $23.6 million (17.9%) greater than in 2002. Claim costs are an estimate of the full costs for compensable injuries that were reported in 2003, together with adjustments to prior years' estimates. The increase in total claim costs for 2003 was largely due to claim future costs which were in turn driven up by healthcare costs. Healthcare costs increased on two fronts: in-year spending was up over $5 million, while the actuarially determined estimate for the future cost of healthcare for existing claims climbed $16.6 million as a result of the rising costs for drugs and other healthcare services.

In spite of a contractual wage increase of 3%, operating costs were essentially flat against the previous year as the WCB continued to contain administration costs. The WCB provided funding of $6.7 million for prevention activities, which include funding the Workplace Safety and Health Division and the Worker Advisor Office, to continue the work of creating a culture of safety in the Manitoba workforce.

The operating results for 2003 and 2002 may also be attributed to certain actuarial factors as follows:

In thousands of dollars	2003	2002	Change	
Premium revenue plus investment income up to the actuarial discount rate, minus the current year expenses	$35,687	$20,445	15,242	75%
Investment income in excess (short) of the actuarial discount rate of 7.0%	(29,200)	(17,400)	(11,800)	(68%)
Higher actuarial liabilities than previously anticipated	(25,700)	(3,000)	(22,700)	(757%)
Operating surplus (deficit)	(19,213)	45	(19,258)	(42,796%)

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

Balance Sheet

ASSETS

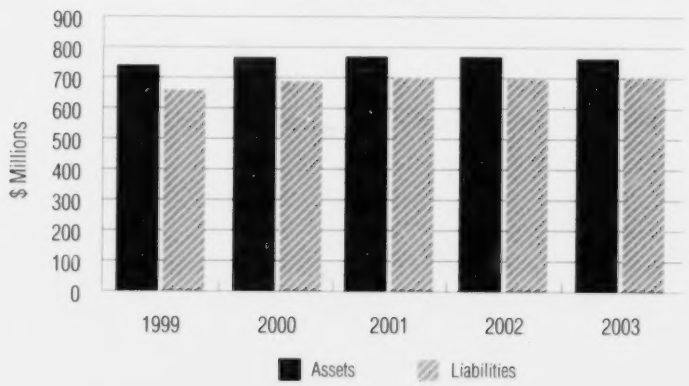
Cash

As the cash flow from premium revenue is not sufficient to fund operations, the WCB has a heavy reliance on the returns generated by the investment portfolio. Periodic withdrawals are made from the investment portfolio to buttress operational cash flows and if there are no returns, withdrawals are made from capital. As a result, the WCB's cash balances are maintained at a minimum level. The WCB has also arranged credit facilities with both its main banker and the Province of Manitoba to provide short term loans to smooth out cash flow peaks and valleys. Aggregate borrowings during 2003 were $18 million (2002, $17 million), and the loans were repaid before year end.

Receivables

The vast majority of receivables relate to monies owed by employers for 2003 premiums and this portion of the receivable is relatively flat between 2002 and 2003. The change in the overall WCB receivables is a result of a lump sum payment of $5.4 million that the WCB remitted into the employee pension plan to correct the solvency deficiency that the plan experienced at the end of 2002 as a result of the weak investment market of the past several years. This one-time payment did not affect the actual pension benefits paid to the plan members, nor did it enrich the plan.

Assets and Liabilities



WCB Workers Compensation Board of Manitoba

Investments

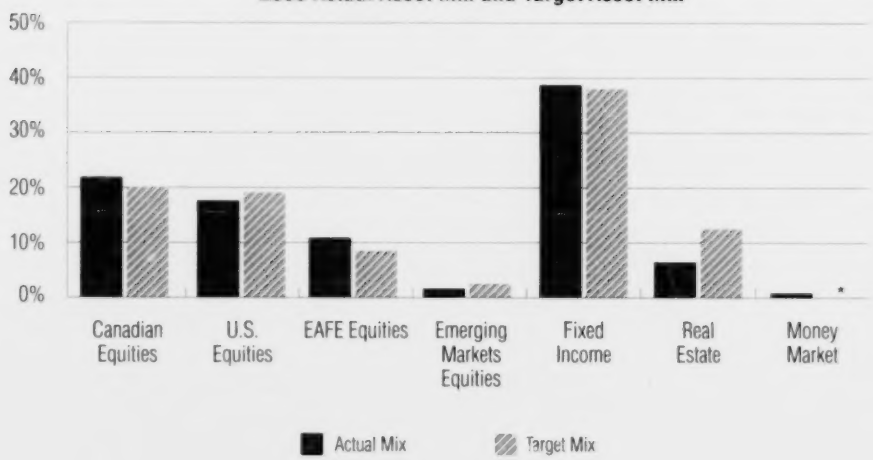
The investment targets set by the Investment Committee for the investment portfolio were:

- a minimum annual real rate of return of 4%
- second quartile investment performance compared to like funds over a four year period
- specific results by asset class is shown opposite:

Asset Class	Benchmark Targets (in $ Canadian)
Canadian equities	TSX 300
U.S. equities	S&P 500
Europe, Australia & Far East equities	MSCI EAFE Index
Emerging markets equities	MSCI Emerging Markets Index
Fixed Income	Scotia Capital Universe Bond Index
Real estate	Morguard Property Index
Money market	Scotia Capital 91 day T-Bill Index

The WCB's investment portfolio is diversified among a variety of asset classes in order to optimize returns and minimize risks. The targeted asset mix is defined by the Investment Policy. The actual asset mix based on market values at December 31, 2003 was 61% equities and real estate versus 39% fixed income. A detailed breakdown by asset class is shown opposite:

2003 Actual Asset Mix and Target Asset Mix

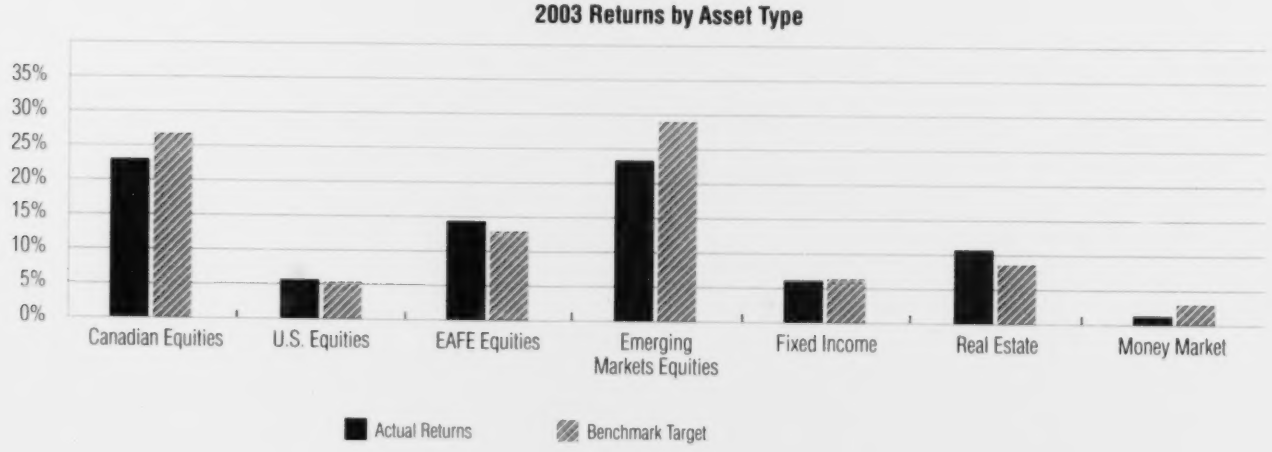


* Money market target mix was 0%.

During 2003, the market value of the WCB's investments benefited from strong returns in the equity markets with the exception of U.S. equities where a 22% increase in the value of the Canadian dollar severely eroded returns. Note 5 to the Financial Statements indicates that the market value of the WCB's investment portfolio has increased since 2002 by $35 million (5.1%) to $728 million, notwithstanding $38 million in redemptions to fund WCB operations. Investment returns on a market basis were 11.0% in 2003 compared to negative 1.9% in 2002. As such, it was well in excess of both the Investment Policy target of a 4% real return and the actuarial expectation of a 7% market return.

	1999	2000	2001	2002	2003
Market rate of return, gross	8.9%	8.1%	1.9%	(1.9%)	11.0%
Consumer Price Index for Manitoba	2.3%	2.9%	0.2%	3.7%	0.8%
Target = Consumer Price Index + premium (3.5% to 1999; 4.0% effective 2000)	5.8%	6.9%	4.2%	7.7%	4.8%
Earnings in excess (deficit) of policy target	3.1%	1.2%	(2.3%)	(9.6%)	6.2%

The actual returns in Canadian dollars by asset type (on a gross market basis) can be seen on the following chart:



WCB Workers Compensation Board of Manitoba

Two of the equity asset classes were under their relevant benchmarks in 2003. This is explained by the market climate in 2003; that is, the market rose with high risk investments leading the rebound. In this situation, WCB equity performance may lag since the WCB holds stocks with less speculative attributes. The overall equity market returns for 2003 were positive 16.8% versus negative 11.3% in 2002. The WCB's fixed income portfolio, the largest individual asset class, produced returns in line with the benchmark. Real estate was over benchmark, while money market was under largely due to exchange losses.

For financial statement purposes, the net book value of the WCB's investment portfolio reflects the partial deferral of realized and unrealized market gains and losses. These gains and losses are amortized to income over 60 months, consistent with life and long term disability insurance industry practices, in order to smooth investment returns. The carrying value of the portfolio decreased by $13 million to $699 million resulting from the amortization of losses from prior years recognized in 2003 and withdrawals of $38 million from the portfolio to fund operations, being offset by positive market returns in 2003. Investment returns on a book value basis were 3.1% (2002, 4.9%), a rate that fell short of the actuarial requirement for the benefit liability valuation.

Deferred Assessments

Under the provisions of *The Workers Compensation Act of Manitoba*, self-insured employers are entitled to defer payment of some future costs. In effect, these employers enjoy full pay-as-you-go status. In return for this status, the Act obligates the Government to honour these commitments or requires the participating self-insured employers to provide guarantees or securities satisfactory to the WCB. The deferred assessment amount partially parallels accumulated future costs of claims. The account balance increased $1.6 million in 2003 largely due to increases in the claim future costs. Further details can be found in the Financial Statement Notes.

Capital Assets

Additions to capital assets during 2003 totalled $3.0 million and were primarily concentrated in the (i) upgrading of information technology equipment and software, and (ii) system development activities. The system development projects included:

- continued work on the electronic claims system
- additional enhancements to the Employer Premium Rate Setting Model, and
- creation of a new public website, that will be launched in early 2004.

Net book value at the end of 2003 was essentially flat against 2002 as amortization of capital expenditures and capital acquisitions were roughly equal. Amortization expense for 2003 was $3.1 million (2002, $3.5 million), a level considered normal in relation to the capital expenditures.

LIABILITIES AND FUND BALANCES

Payables and Accrued Liabilities

The principal items recorded here are trade accounts payable, accrued liabilities, obligations for employment benefits for staff, funds held for claimant annuities, deposits from self-insured employers and grant commitments under the Community Initiatives and Research Program. Total payables have increased to $17.5 million, up 11.8% over 2002.

The claimant annuity program account balance has grown to $6.3 million (2002, $5.2 million) and is expected to double or triple over the next decade. The annuity program was set up to assist claimants whose employers are not contributing on their behalf to a company pension plan while the employees are receiving wage loss benefits. The WCB contributes up to 5% of the claimant's benefits and the claimant is given the option to match this contribution. The annuity balance accumulates interest until the claimant reaches retirement.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Benefit Liabilities

Benefit liabilities increased by almost 2% from 2002, mainly due to a $16.6 million increase in the future cost provision for healthcare benefits. The underlying causes for this change are as follows:

- healthcare expenditures are growing at a rate greater than the Consumer Price Index as in-year expense for healthcare was greater than 2002 by over $5 million (18.4%),
- the WCB is experiencing an increase in older claims that are receiving benefits and these claims attract higher future healthcare costs.

The healthcare increases were offset by a reduction of $8.0 million in the long latency portion of the benefit liability (see further discussion in the Claim Costs Incurred section). In aggregate, the remaining liabilities (i.e. short term disability, long term disability, survivor benefits and rehabilitation services) were stable or reduced from the previous year.

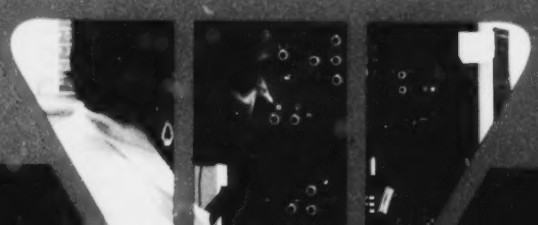
Included in the 2003 benefit liability is a liability for potential claims with long latency periods, primarily occupational diseases and cumulative trauma disorders. This liability is recorded at $52.4 million, reduced by $8.0 million from 2002. The reduction to the long latency liability results from new evidence in research studies concluding that the latency period for hearing loss should be reduced from 31 years to 15 years. It is expected that further studies of other components of this pool will be undertaken in 2004. The inclusion of the liability for the expected costs for long latency injuries is consistent with the WCB's funding policy to use a "level" funding standard (i.e. an allowance is set aside as these injuries are developing). Further details of the components of benefit liabilities are shown in Note 10 to the Financial Statements.

Rate Stabilization Fund Balance

The Rate Stabilization Fund (RSF) Balance, now $36.0 million, has decreased by the amount of the operating deficit of $19.2 million which was charged to the RSF as the deficit was largely due to investment income deficiencies (in 2002, the operating surplus of $45 thousand was added to the fund). The fund's target balance is based on an adapted formula—the Minimum Continuing Capital and Surplus Requirements—from the Office of the Superintendent of Financial Institutions, Canada (OSFI). The use of this formula allows the fund balance target to move in tandem with changes in the size of the WCB's assets and liabilities, thereby reducing risk to the organization. Based on this formula, the fund's target balance at the end of 2003 was $68.5 million, $32.5 million more than the actual balance.

Accident Fund Balance

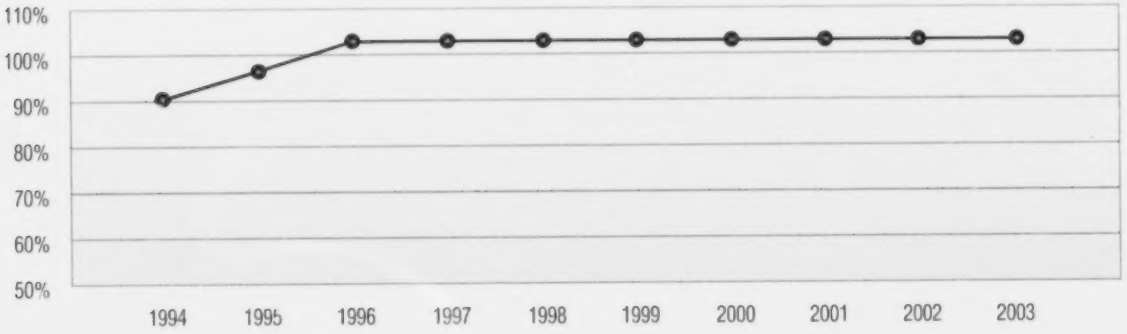
The Accident Fund Balance was unchanged at $20.0 million as the operating deficit was allocated to the Rate Stabilization Fund Balance. Like the Rate Stabilization Fund Balance, a modified OSFI formula is used to establish a target balance for the Accident Fund Balance from year to year. This floating target is responsive to changes in general business risks as it is based in part on premium and claims volumes. Accordingly, the target balance for the Accident Fund at the end of 2003 was $42.4 million.



SUMMARY

The WCB now has liabilities totalling $707.7 million and a Rate Stabilization Fund Balance of $36.0 million, which are covered by assets totalling $763.6 million. This means that the WCB's funding ratio, using the Association of Workers' Compensation Boards of Canada (AWCBC) definition, remained stable in 2003 at 102.7%. The ratio is calculated as assets per the financial statements divided by the sum of the WCB's liabilities and special purpose reserves.

Funding Ratio using AWCBC definition



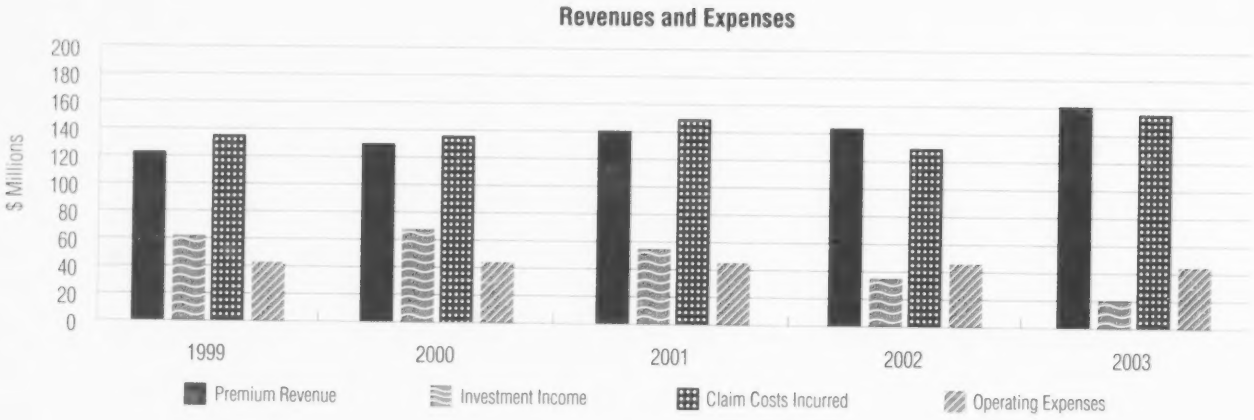
When the Rate Stabilization Fund Balance is grouped with the Accident Fund Balance, instead of liabilities, the WCB's funding ratio is 107.9% at December 31, 2003, declining from one year earlier (110.8%) as a result of the operating deficit. In 2003, the WCB's total reserves are equal to almost 8% of its liabilities (2002, 11%), short of the target level of 15.8%. Nonetheless, the WCB continues to have a comfortably strong balance sheet.

The funding ratio is a formula established by the AWCBC and is one indicator of the financial strength of the WCBs across Canada. Any amount above 100% indicates that the WCB is fully funded with a positive balance in its Accident Fund. Values below 100% signal that the WCB may be in an unfunded liability position. At the end of 2003, Manitoba is one of the few fully funded WCBs in Canada.

The WCB's fiscal health has improved tremendously over the last 15 years as the unfunded liability balance, which hit $232 million by the end of 1988, has been eliminated and replaced with reserves totalling $56 million today. This long term financial strength allowed the WCB to reduce average assessment rates in the late 1990's and, despite the increase in rates at the beginning of 2004, the 2004 average rate at $1.70 is still significantly lower than the average premium rate of $2.25 in 1996. In fact, Manitoba still enjoys average rates that are the lowest of all the provinces, even after the recent increase in rates. Notwithstanding the large operating deficit in 2003 – caused by the investment bear markets – the WCB continues to be in a period of relative stability, which means the rapid growth in assets and liabilities has largely abated. This is reflected in the Five Year Plan which is published in conjunction with this Annual Report.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Statement of Operations



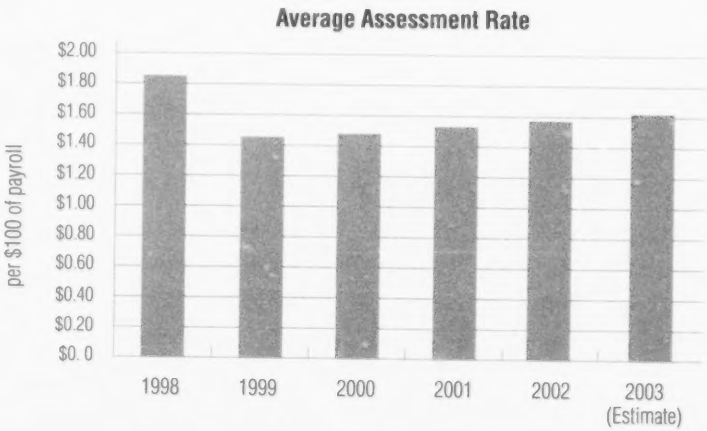
REVENUE

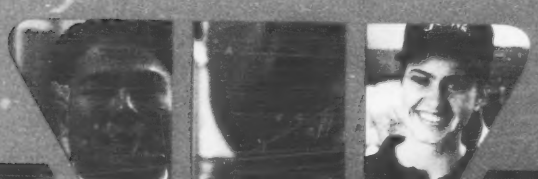
Total revenue grew to $184.5 million, up $4.6 million (2.5%) from 2002, as the decline in investment income almost completely offset the growth in premium revenue.

Premiums

During 2003, premium revenue climbed by $16.5 million (11.3%), to $162.6 million due to a combination of factors, including:

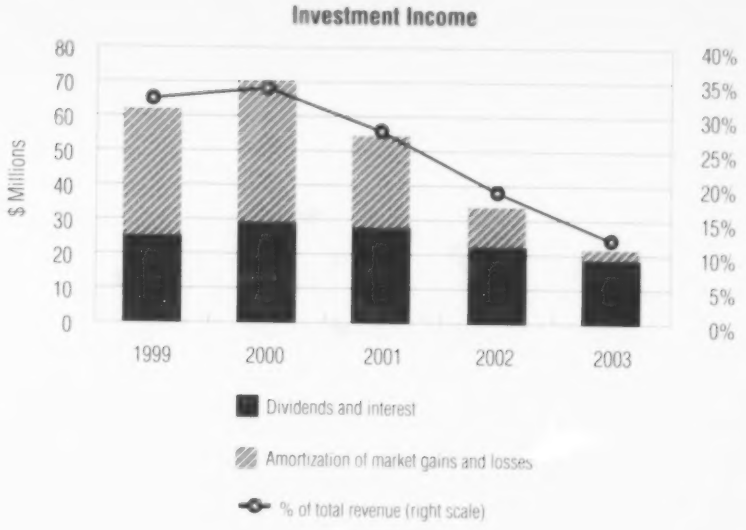
- The WCB set its rate to achieve a budgeted average rate of $1.56 for 2003 based on budgeted assessable payroll levels by industry. Preliminary year-end results for 2003 show an average rate of $1.62 due to changing payroll levels in various industries, with the largest growth in the industries that have higher average assessment rates.
- The Manitoba economy was stable in 2003 – employment rose by 0.3%. However, aggregate assessable payroll grew by 4% due to wage increases and employment growth in covered industries exceeding provincial averages.



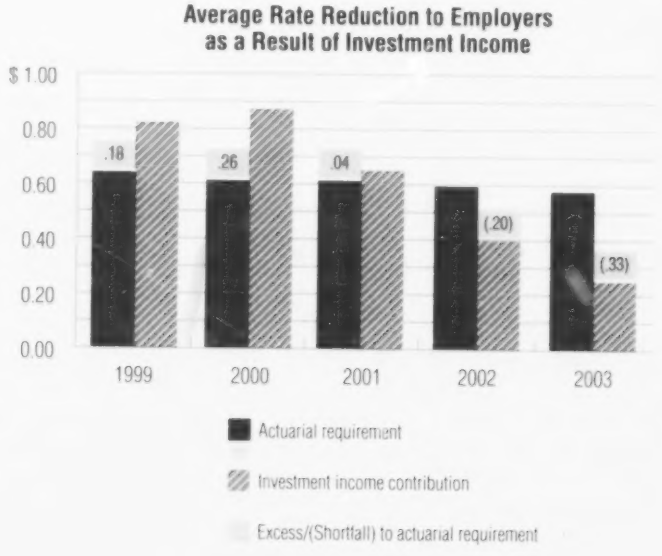


Investment Income

Investment income is an important revenue stream for the WCB and one that is relied upon to supplement premium revenue in order to cover total expenses in the fiscal year. Investment income is recognized based on a five year smoothing policy which means that each year's market gains or losses impact the future five years' income recognition. In 2003, the effects of the bear market for equities that occurred from September 2000 to October 2002 caused an erosion in investment income to just $21.9 million or 12% of total revenues (in 2002, $33.8 million or 19% of total revenues). The long term average investment income is roughly $50 million. In contrast, the contribution of investment income peaked in 2000 at $70.4 million or 34% of total revenue. Clearly, the WCB experienced a year in which investment revenues affected total overall revenue significantly.



The significant impact of investment revenue on the rates paid by employers is revealed in the graph shown opposite:



SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

The actuarial requirement (7%) indicates the amount of investment income that is required to support the valuation of the benefit liabilities. The difference between the actuarial requirement and the investment income contribution represents the excess/(shortfall) of the investment income contribution for the fiscal period. Note that recorded investment income reflects the WCB's accounting policies with respect to deferral and amortization of both realized and unrealized gains and losses within the portfolio. In the short term the WCB's reserves are able to absorb the drop in investment income. However, continued shortfalls eventually lead to increases in premium rates. Indeed, a premium rate increase effective January 1, 2004 will move the average rate to $1.70 per $100 of assessable payroll. The Canadian Institute of Chartered Accountants has released new accounting rules that will likely change the WCB's accounting policy for investments as early as 2004.

EXPENSES

Claim Costs Incurred

Claim costs incurred are as follows:

In thousands of dollars	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
2003	$ 49,222	$ 39,171	$ 12,012	$ 51,935	$ 3,193	$ 155,533
2002	$ 48,835	$ 37,787	$ 12,691	$ 28,952	$ 3,645	$ 131,910
Increase (decrease)	$ 387	$ 1,384	$ (679)	$ 22,983	$ (452)	$ 23,623

Claim costs are an estimate of the full costs for compensable injuries that occurred in 2003, together with adjustments to prior years' estimates. These estimates take into account (i) claims that are in pay, (ii) reported but as yet unpaid claims and (iii) unreported claims.

Total claim costs incurred in 2003 increased by $23.6 million (17.9%) to $155.5 million, compared to 2002 costs of $131.9 million. The increase over 2002 is exaggerated as 2002 costs were low by historical standards. The 2002 future cost expense was only $1.2 million while the more typical cost is in the $15 to $20 million range. This negligible future cost expense was caused by a year over year decrease in healthcare expenses in 2002.

In contrast, the run up in healthcare costs in 2003 caused a compounded effect on healthcare future costs and 2003 future cost expense grew to $22 million.

To further illustrate that the 2002 claim costs incurred expense was an anomaly, a comparison to the 2001 claim cost level is revealing. The 2001 claim costs incurred expense was $149.7 million, a figure that is quite consistent with the claim costs experience in 2003 and in fact represents only a small increase in total costs between 2001 and 2003.

2003 total claim costs are divided into costs incurred for current year claims ($98.4 million) and claims from prior years ($57.1 million). Costs incurred for prior years are adjustments to the actuarial estimates made in previous years and include the interest cost of discounted future cash flows and any pension surpluses or deficits that arise.

An analysis of claim costs incurred by category follows:

- Short term disability claim costs incurred (i.e. wage loss compensation for claims that have yet to medically plateau or stabilize) were essentially unchanged at $49.2 million (0.8% higher than in 2002). Average cost per claim was up 8.4% due to an increase in claim duration offset by a 3.5% reduction in the total number of claims.

- The long term disability claim costs combine three different components, namely wage loss payments (made as part of rehabilitation programming), permanent impairment costs and the long latency provision. The cost of long term disability claims increased $1.4 million to $39.2 million. The significant changes included:
  i) an increase in the permanent partial impairment liability of $3.5 million due to an increase in the volume and age of the claims
  ii) an increase to wage loss liability of $4.0 million given a rise in the percentage of claims that are receiving long term wage loss
  iii) a decrease of $8.0 million in the liability for long latent occupational diseases to recognize the reduction in the latency period for hearing loss claims from 31 years to 15 years.

- The 2003 claim costs for survivor benefits remained fairly constant at $12.0 million. A slight decrease in the number of fatality claims was offset by higher benefits per survivor.

- Healthcare benefit costs increased substantially (i.e. $23.0 million (82.8%) to $51.9 million) driven by higher in-year spending and future costs. In-year spending grew by more than $5 million largely due to negotiated increases in service fees for physicians and chiropractors, related reporting fees, hospital ward rates and increased drug costs. Healthcare future costs increased as a result of the greater in-year spending exacerbated by a 10 point increase in the healthcare factor (i.e. from 2.45 to 2.55.) The future cost factor is an actuarially determined figure used to estimate the amount of healthcare spending that will occur in the future on current claims. The factor increased because in general, there is a trend of greater healthcare spending on older claims and healthcare costs are growing at a rate greater than the Consumer Price Index.

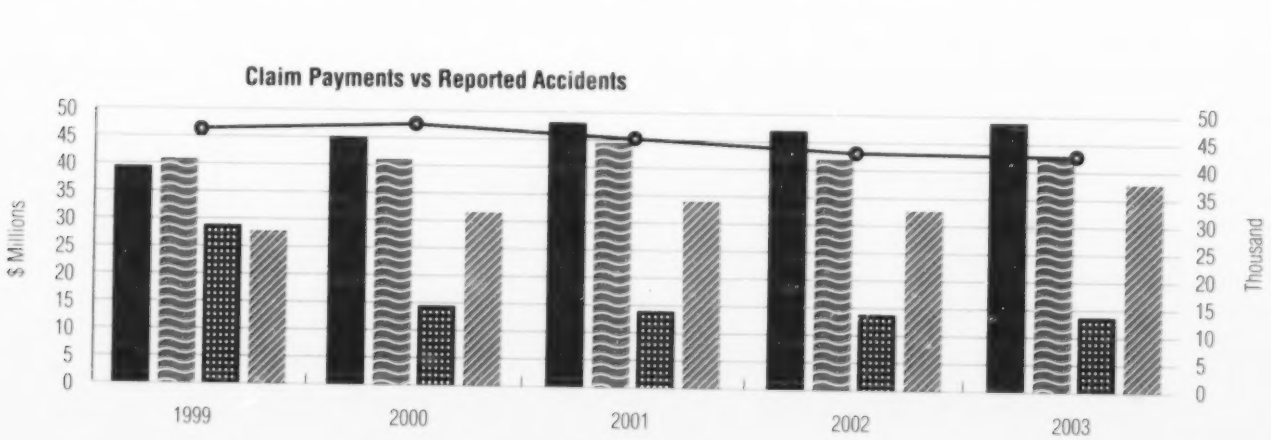
- Claim costs incurred for rehabilitation services are down $452 thousand to $3.2 million, a change that can be partially attributed to the WCB's focus on return to work.

The WCB engages its external consulting actuary, Mercer Human Resource Consulting, to calculate the claim costs. As necessary, the actuary is asked to review the actuarial models used to prepare the valuation of the benefit liability balance. There were no significant adjustments to the models in 2003.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

The amount of claim payments, as distinct from the claims expense and future costs, made in 2003 increased to $143.4 million from $137.1 million in 2002, a change of 4.6%. Payments increased largely due to healthcare where a higher average cost per claim (up 12%) occurred, as noted previously.

The following chart illustrates the five year trend in the major payment categories and the relationship to reported accidents.



Administration Expenses

Administration expenses in 2003 were unchanged from 2002 at $40.1 million. Given the investment revenue outlook, the WCB endeavoured to contain administration costs. Salaries and employee benefits, and information technology costs were the only expenses that increased over 2002. The remaining expense categories were reduced through re-negotiated contracts, rationalization of facility costs, deferred or reduced capital spending and in general a leaner method of operation. This transformation was achieved while still maintaining a strong customer service focus. Further analysis is provided in Note 14 to the Financial Statements.

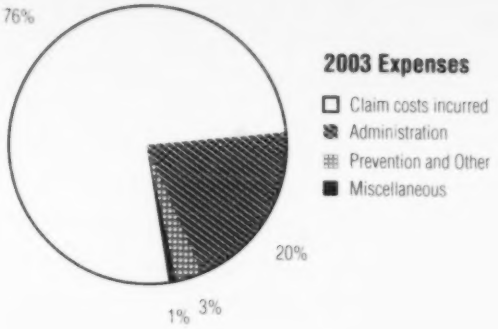
Prevention and Other

This expense category, which totalled $6.7 million, contains the WCB prevention activities, such as the new media campaign, as well as payments to support certain related provincial government activities as stipulated in the Act.

The Workers Compensation Act of Manitoba requires the WCB to pay the Province of Manitoba's consolidated revenue fund for services rendered by the Workplace Safety and Health Division and the Worker Advisor Office of the Department of Labour, subject to statutory provisions which limit increases in the funding grant.

Community Initiatives and Research Program Grants

Nine projects, totalling $937.6 thousand (leaving an uncommitted sum of $62.4 thousand), were approved for research and education purposes under a program developed by the Board of Directors in 1997. Further detail on the grant program is provided in the WCB Community Initiatives and Research Program annual report.



OPERATING DEFICIT

The investment income decline in 2003 was the primary reason for the $19.2 million operating deficit.

Premium revenue growth of $16.5 million was almost completely negated by the investment revenue decline of $12.0 million. Claim costs incurred rose $23.6 million in comparison with 2002; however, as explained in the claim costs incurred section, this increase was an anomaly. In fact, claim costs incurred were relatively unchanged from 2001.

In recognition of the effect of the investment market on total revenue and to avoid deficits in future years, the WCB advised employers in the fall of 2003 that the average premium rate would increase to $1.70 per $100 of assessable payroll. This rate became effective January 1, 2004.

SERVICE DRIVEN. SAFETY MINDED.
SAFE WORK
SPOT THE HAZARD. ASSESS THE RISK. FIND A SAFER WAY. EVERYDAY.

Statement of Cash Flows

During 2003, the organization had an increase in cash of $1.8 million, in comparison to a net decrease in cash in 2002 of $2.4 million. Cash flows from premiums were below the required levels for payments to claimants, purchases of administration goods and services and capital asset acquisitions by $36.4 million (2002, $39.1 million).

The 2003 operations shortfall and withdrawals from the investments portfolio were relatively equal to 2002, as was the cash flow generated by the investments portfolio at $35.2 million (2002, $36.7 million).

This trend, of low cash balances and reliance on investment income to fund operations, will continue in the future.

Operational Statistics

The operational statistics in this section are part of the Management Discussion and Analysis and provide information about a variety of claim and assessment related measures. There is also a suite of financial statistics providing analysis and ratios relating to the WCB's revenues and expenses. These operational statistics complement those appearing in the annual report beginning on page 73.

The statistical data is based on information current at the time of year end reporting. Certain of these figures may be adjusted as the reporting cycle continues; revised 2002 information is denoted by an "r".

NEW CLAIMS

The table on the next page shows that the total number of accidents reported in 2003 was down 1.1% compared to 2002 even as overall employment in Manitoba grew 0.3%. The number of accepted time loss claims decreased by 2.8%, reflecting a decreasing proportion of time loss claims. The decrease in accidents is mainly in the manufacturing industry, partly as a result of new prevention initiatives and in part due to the stronger Canadian dollar leading to export decreases to the United States. The reduction in the number of accidents created a time loss injury rate of 4.8%, down 4% from the 2002 rate of 5.0%, and marking the third year in a row that the injury rate has declined.

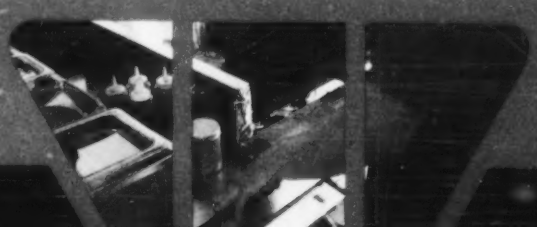
The percentage of claims that are paid within 14 days of the accident improved to 38.7% from 30.0% (up 29%) reflecting the effect of continued service driven changes in the Claim Information Centre. The Claim Information Centre's 2003 service initiative was to expand proactive information gathering. Several changes that were made to achieve this goal are: providing WCB services via the client's preferred information channel (web, fax, telephone), gathering additional information earlier where appropriate and further consolidating staff roles. While the timeliness of service has improved in 2003, the WCB continues to strive to improve this important customer service measure.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

NEW CLAIMS	2003	2002
1. Reported Accidents *		
Time Loss	19,189	19,707
No Time Loss	23,265	23,228
Fatalities	40	50
Total	**42,494**	**42,985**
2. Claims Accepted or Unadjudicated		
Time Loss	17,609	18,109
No Time Loss	17,767	17,322
Fatalities	19	38
Pension	138	131
Total	**35,533**	**35,600**
3. Claims Disallowed		
Referred	64	68
No Coverage	824	787
Initially Not Accepted	1,625	1,431
Abandoned	4,448	5,099
Total	**6,961**	**7,385**
4. Total Covered Population (full-time equivalents)	368,400	367,600 r
Time Loss Injury Rate**	4.8%	5.0%
5. Percentage of claims reported within 2 days	38.2%	37.2%
6. Percentage of claims paid within 14 days of accident	38.7%	30.0%
7. Review Office		
Reconsideration Decisions	1,282	1,249
% Upheld	70%	70%

* Selection criteria used for purposes of calculating reported accidents for the annual report varies from that used to determine monthly reported accidents published on the website.

** Time loss injury rate formula = $\frac{\text{Total claims accepted or unadjudicated excluding no time loss claims}}{\text{Total covered population}}$



WCB Workers Compensation Board of Manitoba

ACTIVE CLAIMS

Although the total number of short term claims paid in 2003 was down compared to 2002, active claims at year end increased slightly due to seasonal fluctuations; therefore, the number of short term disability claims under administration at year end increased by 1.1%.

Active rehabilitation claims at December 31, 2003 were down 17.1% from 2002 as, under the case management structure, case managers have additional responsibility to work with the claimants, which reduces transfers of files to rehabilitation. In addition, many active rehabilitation files were transferred to the long term earnings loss category as they completed their rehabilitation process.

The number of long term disability claims decreased slightly by 0.1%. Life Pensions decreased as the legislation was changed in 1992 to allow for lump sum payments rather than pensions, resulting in fewer new pensions being awarded. Earnings loss claims increased by 27% as a result of an initiative to transfer files from active rehabilitation to rehabilitation income maintenance.

The number of active survivor claims decreased by 2.3% as these claims were also affected by the 1992 change in legislation. This reduction continues a long term trend since 1992.

ACTIVE CLAIMS AT YEAR END	**2003**	**2002**
1. Active Short Term Disability Claims	2,074	2,052
2. Active Rehabilitation Claims	564	680
3. Active Long Term Disability Claims		
Life Pensions (excluding survivors)	3,180	3,310
Special Additional Compensation	435	488
Earnings Loss (Rehabilitation Income Maintenance)	853	673
Total	**4,468**	**4,471**
4. Active Survivor Claims		
Spouse	493	504
Children	407	414
Other	4	7
Total	**904**	**925**
5. Total Active Claims	**8,010**	**8,128**

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

NEW LONG TERM CLAIMS

Total new impairment awards increased by 13.3% to 1,177 as a result of an initiative to expedite the processing of claims with impairment awards. The average impairment rate awarded to claimants as a result of their injuries decreased from 7.2% to 6.0%.

The number of new entrants to rehabilitation decreased by 1.4%, reflecting the decrease in claims reported in recent years, which have worked their way through the case management system.

NEW LONG TERM CLAIMS	2003	2002
1. New Impairment Awards		
Life Pensions	163	183
Lump Sum	987	831
Supplements	27	25
Total	**1,177**	**1,039**
2. Average New Impairment Award	6.0%	7.2%
3. New Entrants to Rehabilitation Programs	295	299
4. Propensity to Award Long Term Benefits (% becoming long term)	1.6%	1.6%
5. Average New Long Term Earnings Loss (% of pre-accident earnings)	77.1%	76.6%

DURATION/SEVERITY

Duration of claims is the number of days that a claimant receives wage loss replacement. Duration can be measured in a variety of ways including the composite measure, a standardized formula which is used for inter-provincial comparisons.

The composite measure formula counts actual duration for settled claims, as well as accumulated duration for claims that have not yet been settled. This measure is often viewed as being the most representative of actual practice. It may be calculated for the current year alone, as well as all accumulated years. Using this measure, duration increased for the "all years" and "current year" categories. This increase in duration suggests a slight increase in average claim severity as a result of fewer current year claims.

DURATION/SEVERITY – Composite Measure (in days)	**2003**	**2002**
1. Average Duration of Claims (Compensation)		
Current	21.3	20.6r
All years	40.5	39.6r
2. Average Duration of Claims (All Wage Loss)		
Current	21.3	20.6r
All years	46.5	46.4r

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

ASSESSMENTS

The average actual rate increased by 5.9% over 2002 as a result of some change in the mix of industries in higher rate categories. Some of the industry sectors that had the greatest impact on the average rate increase are contract mine development, inter-jurisdictional trucking and commercial and residential construction. As a result of the increased proportion of payroll, these industries account for approximately 60% of the average rate increase. The remaining 40% is spread across many other industries. In addition, 2003 reflects the full year impact of the rate increase from July 1, 2002 compared to a half year effect in 2002.

Total registered employers were up 0.8% driven mainly by the construction and trucking industries, consistent with the province's economic growth areas and the change in industry mix stated above.

ASSESSMENTS STATISTICS	2003	2002
1. Assessable Payroll ($ millions)	$ 8,931	$ 8,561 r
2. Rates		
Average - Budgeted	$ 1.56	$ 1.525
Average - Actual	1.62	1.53 r
Lowest	0.16	0.15
Highest	30.34	16.73
3. Employers		
Total registered at year end	24,639	24,453
New registrants in-year	2,481	2,932
4. Write-offs as % of Class E Premiums	0.4%	0.4%

STAFFING

The WCB's staffing complement at December 31 is as follows:

STAFFING COMPLEMENT	2003	2002
Approved permanent positions (full-time equivalent)	469.9	469.8
Healthcare Professionals (part-time contracts)	32	31

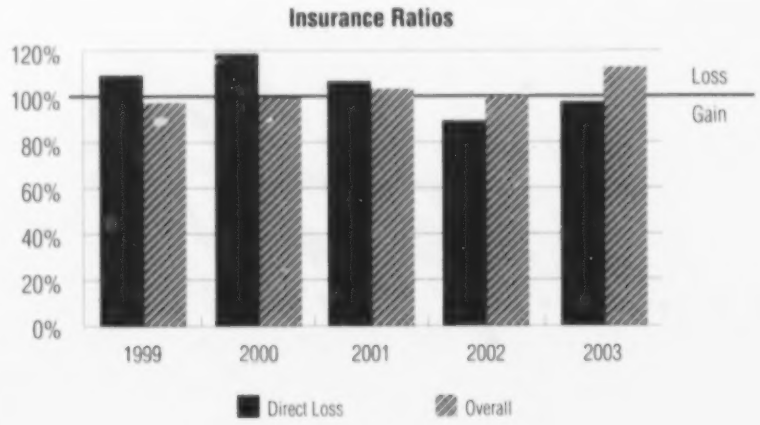
INSURANCE RATIOS

The financial operations of the WCB can be summarized by two ratios commonly used by the insurance industry. The direct loss ratio divides claim costs incurred with premium revenue; when this ratio exceeds 100%, the WCB loses money on claims as it pays out more on claims than it collects in premiums. The overall ratio is a measure of the WCB's experience taking into account investment income and operating overheads. When the overall ratio exceeds 100%, the WCB loses money resulting in an operating deficit.

Of the two ratios, the overall ratio is considered the most telling statistic as it utilizes all revenue and expense categories and, thus, it is the most indicative of the WCB's total operations. Although the direct loss ratio produced a value of 95.7% for 2003, signalling a surplus on insurance operations, the critical overall ratio deteriorated and reached above 100%. This indicates that the downturn in investment markets left the WCB with insufficient investment income to cover operating overheads resulting in an operating deficit of $19.2 million.

2003 results showed a 6.0% increase in the direct loss ratio to 95.7%, while the overall deteriorated to 110.4% from 99.9% in 2002. The most recent three year trend for direct loss ratio has been impacted by an increase in premium revenue over the last three years while costs decreased from 2001 to 2002, but increased in 2003. This caused the direct loss ratio to show a decrease in 2002 and an increase in 2003 while still reflecting a surplus on insurance operations. For the four years prior to 2003 the overall ratio had been very close to 100% reflecting four years of close to breakeven each year until the deficit in 2003.

Based on the 2004 budget and the Five Year Plan, it is projected that the direct loss ratio will be in a band from 85% to 92%. The overall ratio is expected to show values of about 98% in 2004 and 2005 before improving to approximately 92% by 2008.



SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

The table on the next page shows that total claim costs for all years increased as a result of increased healthcare costs (as discussed previously under Statement of Operations) in 2003 driving up the cost per accepted time loss claim. Similarly, claim costs for prior years increased mainly as a result of improvements in meeting the healthcare needs of these claims. Claim costs for current year are down slightly from last year reflecting the slight decrease in time loss claims reported in the current year.

Operating expenses remained flat from 2002 to 2003 and, therefore, represented a smaller percentage of the total expenses which increased 13.2% to $203.7 million.

Although time loss claims decreased by approximately 3%, administration costs under the AWCBC definition increased by roughly 1% to $39.7 million resulting in a 4% increase to $2,254 in the administration cost per accepted time loss claim. The WCB's administration cost per accepted time loss claim was the lowest in Canada in 2002.

The claim costs incurred per accepted time loss claim (all years) increased to $8,833 (21.3%) as a result of higher healthcare costs as discussed above. This calculation, which divides total claim costs incurred for all years by accepted time loss claims in 2003, conforms to the approach recommended by the AWCBC for reporting to Financial Executives International: Canada. The claim cost per accepted time loss claim (current year) is slightly higher than previous year because the number of time loss claims accepted decreased at a faster rate than the claim costs incurred (current year).

Premiums per covered worker and claim costs incurred per covered worker represent two measures of the economic cost of insurance for the policyholders and beneficiaries. Premiums per covered worker increased by 11.1% to $441 reflecting the higher premiums. Claim costs per covered worker increased by 17.5%, to $422 per worker, as a result of higher claim costs incurred mainly in the healthcare area.

The amount of claim costs incurred per $100 of assessable payroll is one important indicator of sustainable long-term assessment rates in the absence of investment earnings. In 2003, this indicator increased to $1.56 compared to last year's value of $1.35, a 15.6% increase. This increase occurred because higher healthcare benefits (i.e. higher inflation factor than wages) were experienced while assessable payroll increased with higher wages and employment growth.

Benefit liabilities expressed as a multiple of payments made is a measure of the average longevity of the liabilities. For 2003 the multiple is 4.8 times (2002, 4.9 times). It is evident from the insignificant change that the longevity of the WCB's liabilities is relatively stable.

Financial Statistics

	2003	2002
1. Expenses (as a percentage of total expenses)		
Claim costs – current year	$ 98,445,000 (48.3%)	$ 98,533,000 (54.8%)
Claim costs – prior years	57,088,000 (28.0%)	33,377,000 (18.6%)
Operating expenses	48,150,000 (23.7%)	47,931,000 (26.6%)
Total	203,683,000 (100.0%)	179,841,000 (100.0%)
2. Administration Expenses (AWCBC definition)		
Expenses	$ 39,687,000	$ 39,138,000
Administration cost per accepted time loss claim	2,254	2,161
3. Maximum Weekly Compensation (for a dependent spouse, two child family)	$ 674.42	$ 663.43
4. Claim Costs Incurred on a fully-funded basis		
Total (all years)	$ 155,533,000	$ 131,910,000
Total (current year)	98,445,000	98,533,000
Per accepted time loss claim (all years)	8,833	7,284
Per accepted time loss claim (current year)	5,591	5,441
5. Ratios		
Premiums per covered worker	$ 441	$ 397 r
Claim costs incurred per covered worker	$ 422	$ 359
Claim costs incurred per $100 of assessable payroll	$ 1.56	$ 1.35
Benefit liabilities expressed as a multiple of benefit payments	4.8	4.9
Workplace Safety and Health and Worker Advisor Office costs per $100 of assessable payroll	$ 0.07	$ 0.07
6. Insurance Ratios (see separate discussion)		
Direct loss	95.7%	90.3%
Overall	110.4%	99.9%
7. Book Rate of Return on Investments	3.1%	4.9%
8. Market Rate of Return on Investments, gross	11.0%	-1.9%
9. Funding Ratio (AWCBC definition)	102.7%	102.7%

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Statement of Actuarial Opinion

with respect to the Present Value of Future Benefit Liabilities of the Workers Compensation Board of Manitoba
based on an actuarial valuation as at December 31, 2003

We have completed an actuarial valuation of the benefit liabilities for insured and self-insured employers under ***The Workers Compensation Act of Manitoba*** as at December 31, 2003. The purpose of the valuation is to provide adequate and appropriate estimates of the present value of future benefit obligations for inclusion in the WCB's 2003 financial statements. The benefit liabilities reflect payments that will be made in future years as a result of accidents or exposures that occurred on or before December 31, 2003. We have estimated these liabilities to be $690.1 million as at December 31, 2003.

The WCB's benefit liabilities include the actuarial present value of wage loss benefits, disability pensions, survivor benefits, healthcare benefits, and rehabilitation benefits, for which we have performed the analysis and calculations. The WCB's benefit liabilities also include provisions for the present value of future claims administration costs required for payment of these benefits and the present value of the cost of benefits for future long latency claims presently in a latency period, proportionate to the period of latency that has passed. These provisions have been calculated based on analysis performed by the WCB using methods that we consider to be reasonable.

This valuation is based on the provisions of ***The Workers Compensation Act of Manitoba*** and amendments made to the Act as of December 31, 2003, and the current practices and administration procedures of the Workers Compensation Board. The actuarial methods used for the valuation reflect the WCB's historical claims experience. The methods used to estimate the present value of benefits have mostly been retained from the prior valuation with some modifications that are described fully in the actuarial report.

Future investment earnings are projected at seven percent. Where benefits are indexed to price inflation, a four percent rate has been used to project investment earnings in excess of benefit indexation. Where benefits are indexed to wage inflation, a three percent rate has been used to project investment earnings in excess of indexation. A three percent rate has also been used to project investment earnings in excess of future inflationary increases in healthcare benefits and rehabilitation service provider benefits.

We have relied on the accuracy and completeness of the data supplied by the WCB, except that we have compared the data with prior years' data for reasonableness and consistency.

In my opinion,

- the data is sufficient and reliable for the purpose of the valuation;
- the assumptions made for the valuation are appropriate for the purpose of the valuation;
- the methods employed are consistent with sound actuarial principles for the purpose of the valuation.

The valuation report on which this certificate is based has been prepared, and the opinions given, in accordance with accepted actuarial practices.

Yours truly,

Mercer Human Resource Consulting

A. Douglas Poapst, F.S.A., F.C.I.A.
March 3, 2004

WCB
Workers Compensation Board of Manitoba

Auditors' Report

To the Workers Compensation Board of Manitoba

We have audited the balance sheet of the Workers Compensation Board of Manitoba as at December 31, 2003 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
February 27, 2004

Grant Thornton LLP
Chartered Accountants

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Balance Sheet

December 31, 2003
(in thousands of dollars)

	2003	2002
Assets		
Cash (Note 3)	$ 1,513	$ (371)
Receivables (Note 4)	27,938	23,189
Investment portfolio (Note 5)	699,276	712,634
Deferred assessments (Note 6)	22,534	20,899
Capital assets (Note 7)	12,363	12,484
	$ 763,624	$ 768,835
Liabilities and Fund Balances		
Payables and accrued liabilities (Note 8)	$ 17,528	$ 15,684
Benefit liabilities (Note 10)	690,123	677,965
Total liabilities	707,651	693,649
Rate stabilization fund balance (Note 12)	35,955	55,168
Accident fund balance (Note 12)	20,018	20,018
	$ 763,624	$ 768,835

Signed on behalf of the Board of Directors

Wally Fox-Decent
Chairperson, Board of Directors

Ron Koslowsky
Finance Committee of the Board of Directors

The accompanying notes are an integral part of the financial statements.

WCB Workers Compensation Board of Manitoba

Statement of Operations

Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Revenue		
Premium revenue (Note 13)	$ 162,591	$ 146,045
Investment income (Note 5)	21,879	33,841
Total revenue	184,470	179,886
Expenses		
Claim costs incurred (Note 10)	155,533	131,910
Operating expenses (Note 14)	48,150	47,931
Total expenses	203,683	179,841
Operating (deficit) surplus	$ (19,213)	$ 45

Statement of Changes in Fund Balances

Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Rate stabilization fund balance		
Balance at beginning of year	$ 55,168	$ 55,123
Allocation from operating (deficit) surplus	(19,213)	45
Balance at end of year	$ 35,955	$ 55,168
Accident fund balance		
Balance at beginning of year	$ 20,018	$ 20,018
Allocation from operating (deficit) surplus	0	0
Balance at end of year	$ 20,018	$ 20,018

The accompanying notes are an integral part of the financial statements.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

Statement of Cash Flows

Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Operating cash flows		
Premiums from employers	$ 156,351	$ 145,380
Investment revenue	24,305	25,666
Payments to claimants or third parties on their behalf	(143,375)	(137,076)
Purchases of administration goods and services	(46,376)	(44,479)
Net cash used by operating activities	(9,095)	(10,509)
Investing cash flows		
Proceeds on disposal of investments	670,916	858,683
Purchase of investments	(656,954)	(847,631)
Capital asset acquisitions, net of disposals	(2,983)	(2,939)
Net cash provided by investing activities	10,979	8,113
Net increase (decrease) in cash	1,884	(2,396)
Cash at beginning of year	(371)	2,025
Cash at end of year (Note 3)	$ 1,513	$ (371)

The accompanying notes are an integral part of the financial statements.

WCB
Workers Compensation
Board of Manitoba

Notes to Financial Statements

Year Ended December 31, 2003
($ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

The Workers Compensation Board of Manitoba (the WCB) was created in 1917 under the authority of ***The Workers Compensation Act of Manitoba***. In accordance with the provisions of the Act, the WCB is responsible for:

- administering payments to injured workers and suppliers of services to injured workers,
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims, and
- investing surplus funds.

An independent Workers Compensation Appeal Commission operates under the Act to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The WCB's mission is to provide superior compensation services to Manitoba workers and employers in a manner that is sensitive, responsive and effective. The WCB compensates for lost wages, provides support and arranges for rehabilitative help and has a responsibility to injured workers, their families and their employers to help the injured worker return to health and work in a timely and safe manner.

The workers' compensation system is funded through premiums collected from employers. The Workers Compensation Board of Manitoba does not receive government funding or assistance. Surplus funds are invested and are used to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claims costs.

The WCB's funding policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the Act and that annual influences do not unduly distort the funding process. The WCB is committed to operating on a fully-funded basis to a level-funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level fashion over the worker's period of exposure to the elements which lead to the injury or disease.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

2. SIGNIFICANT ACCOUNTING POLICIES

The WCB's significant accounting policies are as follows:

Measurement Uncertainty

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which requires the WCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Investments

Short term investments are carried at cost. The remaining investments are recorded at cost adjusted toward market value using the moving average market method. Unrealized and realized gains and losses are deferred and amortized on a straight-line basis over 60 months. Interest and dividend income are recognized in the period earned.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 – 5 years
Systems development projects	3 – 10 years
Furniture, fixtures and equipment	5 years
Building renovations	10 years
Building	40 years

Employee Future Benefits

The cost of providing pension and other post-employment benefits to employees is recorded as an expense in the period in which employees' services are rendered. The corridor approach is used to record actuarial gains and losses for both the pension plan and other post-employment benefits. Under this approach, the annual actuarial gains and losses are aggregated and, if that amount exceeds 10% of the greater of plan assets or liabilities, the excess amount is amortized over the expected average remaining service life of the covered employees.

Benefit liabilities

The WCB's independent consulting actuary conducts a review of and reports on the benefit liabilities of the WCB at each year end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and provisions for the future expenses of administering the existing claims.

The benefit liabilities also include the estimated liability for long latent occupational diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Premium revenue

The operations of the WCB are categorized, in accordance with the Act, into Class E (general employers pool) and several classes of self-insured employers. Employers registered within Class E are subject to collective liability, and assessment premiums are determined by applying applicable industry assessment rates to the employers' reported payrolls for the current year.

Self-insured employers, principally government bodies and railways and their subsidiaries, are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of the self-insured employers.

Foreign currency translation

Assets and liabilities, with the exception of investments, denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for investments are recorded in the same manner as the related investment gains, losses, revenues or expenses.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

3. CASH

	2003	2002
Bank balances	$ 3,463	$ 1,658
Cheques issued and outstanding	(1,950)	(2,029)
	$ 1,513	$ (371)

The WCB has established an operating line of credit with its principal banker in the amount of $3.0 million. Advances on the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of $40.0 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured.

4. RECEIVABLES

	2003	2002
Premiums from Class E employers	$ 20,877	$ 19,824
Allowance for doubtful accounts	(1,807)	(1,869)
	19,070	17,955
Prepaid employee pension plan costs (Note 9)	5,279	(133)
Premiums from self-insured employers	2,183	2,871
Mortgages	200	1,100
Sundry	1,206	1,396
	$ 27,938	$ 23,189

Mortgages receivable bear interest at a rate of 6.0% per annum and are due on demand.

5. INVESTMENT PORTFOLIO

The carrying value and the fair value (market value) of the investments are:

	2003			2002		
	Carrying Value	Fair Value	Actual Market Rate of Return	Carrying Value	Fair Value	Actual Market Rate of Return
Cash and Short Term Investments	$ 26,032	$ 26,032	1.4%	$ 36,770	$ 36,770	2.9%
Fixed Income						
Government of Canada Bonds	113,911	116,239	–	112,758	117,782	–
Provincial Bonds	61,017	63,581	–	64,614	68,936	–
Corporate Bonds	92,446	95,116	–	93,630	96,749	–
Mortgages	125	123	–	3,823	3,387	–
	267,499	275,059	6.3%	274,825	286,854	8.8%
Real Estate	45,561	46,872	11.1%	40,555	44,222	12.1%
Equities						
Canadian	152,267	183,928	23.1%	146,971	149,484	(7.2%)
U.S.	97,976	98,786	5.7%	97,472	89,995	(17.6%)
Europe, Australia and Far East	100,347	80,583	14.9%	112,988	74,612	(15.6%)
Emerging markets	14,454	16,202	23.0%	11,166	10,526	(6.8%)
	365,044	379,499	16.8%	368,597	324,617	(11.3%)
Total	704,136	727,462	11.0%	720,747	692,463	(1.9%)
Deferred realized gains	(4,860)			(8,113)		
Net Book Value of Investments	$ 699,276			$ 712,634		

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

Reconciliations of the changes during the year in the deferred unrealized and realized gains (losses) balances are as follows:

	2003	2002
Deferred Unrealized Gains (Losses)		
Balance at beginning of year	$ (28,284)	$ (27,552)
Unrealized net gains (losses) for the year	46,683	(6,494)
	18,399	(34,046)
Amortization during year	4,927	5,762
Balance at end of year	$ 23,326	$ (28,284)
Deferred Realized Gains (Losses)		
Balance at beginning of year	$ 8,113	$ 59,312
Realized net gains (losses) for the year	3,810	(34,473)
	11,923	24,839
Amortization during year	(7,063)	(16,726)
Balance at end of year	$ 4,860	$ 8,113
Investment Income		
Investment income was derived from the following sources:		
Cash and short term investments, including currency exchange	$ (2,482)	$ 319
Bonds	14,090	16,628
Mortgages	221	519
Real estate	4,329	2,936
Canadian equities	3,024	2,585
Foreign equities	3,642	2,890
Amortization of deferred unrealized losses	(4,927)	(5,762)
Amortization of deferred realized gains	7,063	16,726
Loan interest	(42)	(22)
Expenses	(3,039)	(2,978)
Investment income	$ 21,879	$ 33,841

The following analysis provides a comparison of the return on average investments based on the 7.0% discount rate (2002 – 7.0%) used to actuarially determine the benefit liabilities to the actual returns.

	2003	2002
Investment income required to support actuarially determined benefit liabilities	$ 51,079	$ 51,241
Investment income below actuarial requirement	(29,200)	(17,400)
Investment income	$ 21,879	$ 33,841

Market Risk

The WCB invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Credit Risk Management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 98% (2002, 97%) have at least an A credit rating. The WCB does not anticipate that any borrowers will fail to meet their obligations.

Securities Lending

The WCB may lend, for fee income, any of its investments to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105% of the market amount of the investment instruments borrowed. As of December 31, 2003 secured loans amounted to $58.4 million (2002, $34.3 million).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies. During 2003 the WCB did not undertake hedging strategies for the currency risk of foreign investments and currency fluctuations influenced short term returns. These fluctuations are not expected to affect the long term position of the investment portfolio.

Interest Rate Risk Management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The remaining term to maturity of the WCB's bond and mortgage portfolios were 11.5 and 0.2 years, respectively (at December 31, 2002, 11.3 and 0.8 years, respectively).

6. DEFERRED ASSESSMENTS

Deferred assessments represent the WCB's estimate of premiums which will be received in the future from the self-insured employers to fund the future costs of existing claims that have arisen from their employees. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee. The changes in deferred assessments were as follows:

	2003	2002
Balance at beginning of year	$ 20,899	$ 20,872
Change in future costs	895	(164)
Change in pension related transactions	1,228	958
Interest allocation	(488)	(767)
Net change in deferred assessments	1,635	27
Balance at end of year	$ 22,534	$ 20,899

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

7. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 10,829	$ 8,765	$ 2,064	$ 2,525
Systems development projects	7,834	4,577	3,257	2,676
Furniture, fixtures and equipment	1,899	1,780	119	246
Building renovations	3,138	1,664	1,474	1,711
Building and land	5,701	252	5,449	5,326
	$ 29,401	$ 17,038	$ 12,363	$ 12,484

As a result of asset disposition, $1.1 million of computer equipment, furniture and fixtures, and leasehold improvements, and the offsetting accumulated depreciation were removed from the accounting records. A gain of $6.0 thousand was recognized on the sale of these fully depreciated capital assets.

8. PAYABLES AND ACCRUED LIABILITIES

	2003	2002
Accounts payable and accrued liabilities	$ 3,529	$ 3,067
Claimant annuity program	6,287	5,229
Community Initiatives and Research Program grants	1,732	2,067
Deposits from self-insured employers	1,381	1,379
Employee vacation entitlements	2,208	2,067
Other payables	1,362	1,166
Sick leave plan	1,029	709
	$ 17,528	$ 15,684

9. EMPLOYEE FUTURE BENEFITS

The WCB has a defined benefit plan that provides pension benefits to employees based on length of service and highest average earnings. The WCB also has a benefit plan that provides for a payment of accumulated sick leave credits to employees that meet established criteria upon termination or retirement.

Information about the WCB's employee benefit plans as at December 31 is as follows:

	Pension Plan		Sick Leave Plan	
	2003	2002	2003	2002
Fair value of plan assets	$ 55,743	$ 43,036	$ –	$ –
Accrued benefit obligation	55,818	50,514	2,227	1,973
Plan deficit	$ (75)	$ (7,478)	$ (2,227)	$ (1,973)
Accrued benefit asset (liability)	$ 5,279	$ (133)	$ (1,029)	$ (709)

The WCB determined an expected future benefit (the transitional asset) of $675 thousand existed at January 1, 2000, the date of adoption of the current accounting policy. This amount is being amortized to operations over 15 years. An unamortized balance of $494 thousand remained at December 31, 2003.

While the obligation to pay sick leave credits is unfunded in the sense that the WCB does not hold segregated assets to fund the obligation, the WCB itself has sufficient assets to support its liabilities.

The significant actuarial assumptions adopted in measuring the WCB's accrued benefit obligations are:

	Pension Plan		Sick Leave Plan	
	2003	2002	2003	2002
Discount rate	7.0%	7.0%	7.0%	7.0%
Expected long term rate of return on plan assets	7.0%	7.5%	7.0%	7.0%
Rate of compensation increase	5.0%	5.0%	2.75%	2.75%
Expected average remaining service life (in years)	15	15	15	15

Effective January 1, 2004, the assumption for the discount rate used to value the pension plan liabilities was reduced to 6.5%. The assumption for the expected long term rate of return on pension plan assets remained unchanged.

Other information about the WCB's employee benefit plans is as follows:

	Pension Plan		Sick Leave Plan	
	2003	2002	2003	2002
Plan expense	$ 2,077	$ 1,676	$ 368	$ 307
Employer contributions	7,489	1,450	–	–
Employee contributions	1,283	1,216	–	–
Benefits paid by the plan	1,546	1,431	49	53

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

10. BENEFIT LIABILITIES

Benefit liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefit payments reflects management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

The key actuarial assumptions used to value the benefit liabilities are as follows:

	2003	2002
Future investment earnings	7.0%	7.0%
Benefits indexed to CPI	3.0%	3.0%
Wage indexation	4.0%	4.0%
Healthcare benefits indexation	4.0%	4.0%

An analysis of the components of and changes in benefit liabilities is as follows:

	2003						2002
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 79,660	$ 356,197	$ 148,423	$ 75,307	$ 18,378	$ 677,965	$ 683,131
Add: Claim costs incurred							
Current year	61,340	(6,121)	6,976	30,909	5,341	98,445	98,533
Prior years	(12,118)	45,292	5,036	21,026	(2,148)	57,088	33,377
	49,222	39,171	12,012	51,935	3,193	155,533	131,910
Less: Claim payments made							
Current year	23,001	101	105	12,407	20	35,634	32,587
Prior years	25,849	42,110	14,038	22,301	3,443	107,741	104,489
	48,850	42,211	14,143	34,708	3,463	143,375	137,076
Balance at end of year	$ 80,032	$ 353,157	$ 146,292	$ 92,534	$ 18,108	$ 690,123	$ 677,965

The liability for short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, and estimated future pension payments. The liability for survivor benefits is composed of estimated future pension payments and other services

provided to survivors of those who have lost their lives as a result of workplace accidents. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are supplied externally to the WCB.

Included in long term disability is the WCB's liability, in the amount of $52.4 million (2002, $60.4 million), for the future cost of claims relating to certain latent occupational diseases which may have occurred in the current year or prior years, but which may not be recognized and reported for a number of years due to the extended latency periods of such diseases.

Also included in benefit liabilities is a provision in the amount of $37.1 million (2002, $35.3 million) for the future cost of administering existing claims.

11. BENEFIT LIABILITIES FOR SELF-INSURED EMPLOYERS

Note 10 contains a complete description of the components of the WCB's benefit liabilities for all employers. An analysis of the portion relating to the self-insured employers is as follows:

	2003						2002
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 6,692	$ 34,727	$ 26,801	$ 9,034	$ 943	$ 78,197	$ 77,793
Add: Claim costs incurred							
Current year	5,532	(613)	659	3,785	431	9,794	9,908
Prior years	(1,851)	4,125	1,618	2,180	(330)	5,742	6,809
	3,681	3,512	2,277	5,965	101	15,536	16,717
Less: Claim payments made							
Current year	2,228	9	7	1,193	1	3,438	3,089
Prior years	2,690	3,945	3,006	3,359	108	13,108	13,224
	4,918	3,954	3,013	4,552	109	16,546	16,313
Balance at end of year	$ 5,455	$ 34,285	$ 26,065	$ 10,447	$ 935	$ 77,187	$ 78,197

Included in the premiums and claim costs are payments in the amount of $2.5 million (2002, $2.3 million) made by self-insured employers directly to claimants on the WCB's behalf. These amounts are reported to the WCB for inclusion in these financial statements.

Included in the benefit liabilities balance is $5.4 million (2002, $6.3 million) for the self-insured employers' share of the long latent occupational disease liability and $3.2 million (2002, $3.0 million) for the future cost of administering existing claims.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

12. FUND BALANCES

The Rate Stabilization Fund balance protects the WCB from the risk that a catastrophic event, causing either an increase in the value of the liabilities or a decrease in the value of assets, could unfairly burden Class E employers and potentially cause the accident fund balance to become unfunded or prompt the WCB to consider exceptional increases in assessment rates. The fund's target balance is based on an adapted formula – the Minimum Continuing Capital and Surplus Requirements – from the Office of the Superintendent of Financial Institutions, Canada (OSFI). Based on this formula, the fund's target balance at the end of 2003 was $68.5 million (2002, $68.9 million). The actual balance at December 31, 2003 was $36.0 million (2002, $55.2 million).

The Accident Fund balance protects the WCB and its stakeholders from general business risks and is collectively attributable to the Class E employers. The fund's target balance is established using a modified OSFI formula. The target balance for the fund based on this formula was $42.4 million at the end of 2003 (2002, $40.5 million). The actual balance at December 31, 2003 was $20.0 million (2002, $20.0 million).

13. PREMIUM REVENUE

	2003	2002
Premiums – Class E employers	$ 144,913	$ 129,073
Assessments – Self-insured employers	16,043	16,945
Increase in deferred assessments (Note 6)	1,635	27
Total premium revenue	$ 162,591	$ 146,045

14. OPERATING EXPENSES

	2003	2002
Salaries, employee benefits and training	$ 30,514	$ 29,857
Information technology service fees	1,895	1,821
Professional fees	651	779
Occupancy costs	1,773	1,802
Office supplies and services	1,084	1,219
Communications	991	1,014
Donations	89	90
Amortization of capital assets	3,104	3,501
Administration expenses	40,101	40,083
Appeal Commission	1,042	1,062
Community Initiatives and Research Program grants	1,000	1,000
Recoveries from the Government of Canada	(643)	(614)
Prevention and other (Note 15)	6,650	6,400
Total operating expenses	$ 48,150	$ 47,931

Of the total operating expenses, $3.0 million (2002, $3.0 million) was allocated to the self-insured employers based on the current year's transaction volumes.

The WCB administers the Government Employees Compensation Act program for the Government of Canada. The operation of this program is reflected only to the extent of the recoveries of administration expenses.

SAFE WORK
SAFE SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

15. RELATED PARTY TRANSACTIONS

Pursuant to ***The Workplace Safety and Health Act of Manitoba***, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the class funds under ***The Workers Compensation Act of Manitoba***. For 2003, the amount charged to operations under this provision is $5.7 million (2002, $5.5 million).

Also, under Section 84.(1) of ***The Workers Compensation Act of Manitoba***, the Province may pay the costs incurred in respect of worker advisors and may recover them from the class funds. For 2003, the amount charged to operations under this provision is $0.9 million (2002, $0.9 million).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is also a self-insured employer under ***The Workers Compensation Act of Manitoba***. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio are guaranteed debentures issued by the Province of Manitoba, in the amount of $11.1 million (2002, $13.9 million).

16. AUDITOR INDEPENDENCE

The WCB had, in the past, engaged Grant Thornton LLP, the external auditor, to provide advisory services that assess vocational rehabilitation plans for claimants. Grant Thornton LLP did not provide any non-audit services for the year ended December 31, 2003 (2002, $4.0 thousand).

17. COMMITMENTS

The WCB has signed operating leases for office premises and equipment expiring at various times until August 31, 2008. The minimum lease obligations over the next five years are:

2004	2005	2006	2007	2008	TOTAL
$ 457	$ 287	$ 97	$ 97	$ 65	$ 1,003

STATISTICS

2003 ANNUAL REPORT

WORKERS COMPENSATION BOARD OF MANITOBA
SERVICE DRIVEN. SAFETY MINDED.

CONTENTS

75	Claim Statistics
75	Pension Benefits
76	Region of the Body Injured
77	Nature of Injuries
77	Number of Days from Accident to First Payment
78 - 79	Time Loss Accidents by Occupational Grouping
80	Accidents Reported by Class
81 - 82	Compensable Accidents Settled
83	Fatality Claim Statistics
83	Fatalities Accepted by Cause
83	Class E Employers Assessment Statistics

INTRODUCTION

The Statistics section contains aggregate work related injury and illness claims and benefits data for 2003.

The Workers Compensation Board of Manitoba is committed to the prevention of workplace injuries and illnesses. We play a key role in the province's workplace safety and health system, promoting workplace safety and administering the no fault workplace insurance plan under *The Workers Compensation Act* for employers and their workers.

No one expects to be hurt at work. Unfortunately, workplace injuries happen. When they do, the WCB is here to compensate lost wages; pay for and monitor the quality of healthcare provided; and assist in early and safe return to work for workers who are injured on the job or contract an occupational disease. We also provide benefits to survivors of workers who die due to workplace injuries or illnesses.

1. CLAIM STATISTICS

This table shows the total number of claims reported and claim files settled from 1994 to 2003. Healthcare Only are claims involving healthcare expenses only and do not involve lost wages. Time Loss Claims are claims by workers who have lost wages beyond the day of the injury due to their workplace injury. Claims Initially Rejected are claims for injuries that are not work related or claims by workers not covered under *The Workers Compensation Act*. Referred Claims are those referred to the workers' compensation agency in the province where the injured worker was employed, or where the WCB of Manitoba could not gather sufficient information to make an entitlement decision. Claim volumes crested in 2000 and have been declining steadily over the past three years.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Claims reported										
Current year claims registered during year	40,352	40,647	39,896	41,953	44,296	43,927	45,327	42,381	41,238	40,865
Prior year claims registered during year	1,652	1,731	1,639	1,878	1,703	1,725	1,894	1,980	1,747	1,629
Total reported	42,004	42,378	41,535	43,831	45,999	45,652	47,221	44,361	42,985	42,494
Claim files settled										
Healthcare Only	13,303	14,986	14,039	14,039	15,822	15,125	14,952	14,219	12,087	11,802
No Cost Claims	4,509	4,526	4,333	4,391	4,752	4,820	4,706	4,739	4,668	4,537
Total Healthcare /No Cost Claims	17,812	19,512	18,372	18,430	20,574	19,945	19,658	18,958	16,755	16,339
Temporary Disability	16,985	17,574	15,415	16,636	17,704	19,128	17,863	17,536	16,360	16,567
Permanent Disability	784	748	702	670	659	649	716	976	985	1,139
Fatality	20	22	27	21	22	23	19	25	19	24
Total Time Loss Claims	17,789	18,344	16,144	17,327	18,385	19,800	18,598	18,537	17,364	17,730
Total settled	35,601	37,856	34,516	35,757	38,959	39,745	38,256	37,495	34,119	34,069
Claims Initially Rejected	521	785	738	914	821	907	902	1,184	1,403	1,526
Claims Referred	4,173	4,777	4,570	5,392	5,605	5,742	5,938	6,058	6,450	5,714
Total Rejected /Referred Claims	4,694	5,562	5,308	6,306	6,426	6,649	6,840	7,242	7,853	7,240
Total reviewed	40,295	43,418	39,824	42,063	45,385	46,394	45,096	44,737	41,972	41,309

2. PENSION BENEFITS

This table shows the total number of permanently disabled workers (totally or partially disabled), and dependants of fatally injured workers in receipt of pensions at December 31 of each year. Since 1992 there has been a downward trend as the legislation was changed in that year to allow for lump sum payments rather than pensions. As such the number of new pensions awarded has decreased over the last decade.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Permanently disabled	4,659	4,558	4,475	4,429	4,322	4,200	3,749	3,394	3,310	3,180
Surviving spouses	539	524	513	506	497	530	524	521	504	493
Children	332	342	345	348	360	403	407	420	414	407
Other dependants	8	5	8	7	6	8	7	7	7	4

SAFE WORK SPOT THE HAZARD ASSESS THE RISK FIND A SAFER WAY EVERYDAY

3. REGION OF THE BODY INJURED

This table shows reported accidents in 2003, that were not specifically rejected, by the part of the body injured. The breakdown shown below is very similar to the 2002 statistics, where almost one quarter of the injuries are to the hand.

Region of Body Injured	#	%	Region of Body Injured	#	%	Region of Body Injured	#	%
Hand	7,810	22.3	Foot	1,133	3.2	Dorsal Spine	285	0.8
Lower Spine	5,328	15.2	Miscellaneous	990	2.8	Cardio/Respiratory	220	0.6
Multiple Injuries	5,289	15.1	Thorax	878	2.5	Upper Leg	215	0.6
Lower Leg	3,211	9.2	Head	760	2.2	Pelvis	167	0.5
Lower Arm	3,131	8.9	Abdomen	467	1.3	Upper Arm	148	0.4
Eye(s)	2,828	8.1	Hearing	355	1.0	Industrial Disease	75	0.2
Shoulder	1,453	4.2	Neck	293	0.8			

4. NATURE OF INJURIES

This table shows time loss reported accidents by the 50 most frequent diagnoses of injury or disease. There has been essentially no change from 2002 in the make up of the list and the ranking of the injury/disease. Sprains, strains, tears (and similar musculoskeletal injuries) make up one half of all claims.

Diagnosis	#	%	Diagnosis	#	%
Sprains, strains, tears	8,691	49.9	Heat burns, scalds	71	0.4
Bruises, contusions	1,605	9.2	Non specific injuries and disorders	68	0.4
Cuts, lacerations	1,450	8.3	Welders flash	64	0.4
Fractures	699	4.0	Amputations, fingertip	62	0.4
Foreign bodies (superficial splinters, chips)	432	2.5	Deafness, hearing loss or impairment	56	0.3
Crushing injuries	410	2.4	Sciatica	55	0.3
Unknown	305	1.8	Other poisonings and toxic effects	48	0.3
Multiple traumatic injuries and disorders	259	1.5	Anxiety, stress, neurotic disorders	47	0.3
Sprains and bruises	246	1.4	Rotator cuff syndrome	41	0.2
Tendonitis	231	1.3	Conjunctivitis - non-viral	41	0.2
Punctures, except bites	224	1.3	Dermatitis	40	0.2
Back pain, hurt back	171	1.0	Herniated disc, including slipped and ruptured disc	40	0.2
Multiple diseases and disorders	157	0.9	Traumatic epicondylitis (due to repetitive motions)	38	0.2
Abrasions, scratches	157	0.9	Avulsions	34	0.2
Carpal tunnel syndrome	148	0.9	Bursitis	33	0.2
Epicondylitis	133	0.8	Traumatic bursitis (due to repetitive motions)	31	0.2
Soreness, pain, hurt, except the back	113	0.7	Hernia	30	0.2
Dislocations	112	0.6	Facet syndrome	30	0.2
Second-degree heat burns, scalds	112	0.6	First-degree heat burns, scalds	27	0.2
Inguinal hernia	109	0.6	Chemical burns	26	0.2
Cuts, abrasions, bruises	109	0.6	Heat burns, scalds	25	0.1
Spasms or tremors	86	0.5	Rotator cuff tear, traumatic	24	0.1
Fractures and other injuries	82	0.5	Tenosynovitis	23	0.1
Traumatic tendinitis	81	0.5	Animal or insect bites	19	0.1
Concussions	72	0.4	Acariasis	17	0.1

5. NUMBER OF DAYS FROM ACCIDENT TO FIRST PAYMENT

This table illustrates the timeliness of service as measured by the number of days between the date of the accident and first payment to the claimant. The WCB strives to remit a payment to claimants within 14 days of their accident. 38.7% of first payments were made within 14 days of accident, compared to 30.0% one year ago. The WCB has seen gains in service performance during 2003 and continues to redesign processes in order to improve this important customer service measure.

Days	%	Days	%	Days	%
0 – 2	0.7	9 – 12	14.8	21 – 30	17.8
3 – 5	3.4	13 – 14	8.5	31 – 60	17.3
6 – 8	11.3	15 – 20	17.0	61 – 90	4.7
				>91	4.5

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

6. TIME LOSS ACCIDENTS BY OCCUPATIONAL GROUPING

This table shows accepted time loss reported accidents by the 100 most frequent workers' occupations.

There have been only minor changes from 2002 in the make-up of the list and the ranking of the occupations.

Occupation	#	%	Occupation	#	%
Other trades helpers	1,347	7.8	Cashiers	148	0.9
Nurse aides and orderlies	1,121	6.5	Heavy equipment operators (except cranes)	143	0.8
Construction trades helpers	986	5.7	Labourer metal fabrication	142	0.8
Other labourers, processing	902	5.2	Electricians	141	0.8
Truck drivers	777	4.5	Cleaners, specialized	127	0.7
Material handlers	537	3.1	Firefighters	112	0.7
Welders	475	2.8	Sewing machine operators	107	0.6
Labourers food and beverage	455	2.6	Educators, early childhood	106	0.6
Janitors, caretakers	451	2.6	Construction millwrights	95	0.6
Nurses, registered	450	2.6	Couriers and messengers	95	0.6
Food service counter attendants	355	2.1	Repairers and servicers	94	0.6
Motor vehicle mechanics	352	2.1	Plumbers	92	0.5
Shippers and receivers	308	1.8	Social services and community workers	92	0.5
Cooks	299	1.7	Letter carriers	84	0.5
Grocery clerks and shelf stockers	289	1.7	General farm workers	81	0.5
Cleaners, light duty	272	1.6	Bakers	80	0.5
Motor vehicle assemblers	249	1.5	Motor vehicle body repairers	76	0.4
Delivery drivers	237	1.4	Machining tool operators	75	0.4
Other production machine operators	234	1.4	Dry clean and laundry	72	0.4
Sales clerks, retail	226	1.3	Sheet metal workers	71	0.4
Heavy duty equipment mechanics	202	1.2	Butchers and meat cutters	70	0.4
Visiting homemakers	193	1.1	Managers retail trade	70	0.4
Assemblers, electric appliances	190	1.1	Roofers and shinglers	69	0.4
Other assemblers and inspectors	188	1.1	Painters and decorators	69	0.4
Carpenters	186	1.1	Security guards	67	0.4
Public works workers	168	1.0	Food and beverage servers	66	0.4
Metalworking machine operators	165	1.0	Teaching assistants, elementary and secondary	65	0.4

6. TIME LOSS ACCIDENTS BY OCCUPATIONAL GROUPING *continued*

Occupation	#	%	Occupation	#	%
Clerks, general office	64	0.4	Glaziers	35	0.2
Police officers (except commissioners)	61	0.4	Painters and coaters, manufacturing	35	0.2
Clerks, parts and storekeepers	61	0.4	Refrigeration and air conditioning mechanics	33	0.2
Machinists and machining	58	0.3	Clerks, records and file	32	0.2
Supervisor, other services	58	0.3	Telecommunications, install and repair	32	0.2
Bus drivers and transit operators	57	0.3	Bartenders	30	0.2
Ambulance attendants	57	0.3	Managers, restaurant and food	28	0.2
Plasterers, drywall installers	57	0.3	Cabinetmakers	26	0.2
Rail and motor transport labour	55	0.3	Landscape maintenance workers	25	0.2
Sales representatives, wholesale	54	0.3	Aircraft assemblers	25	0.2
Clerks, mail postal	51	0.3	Aides and assistants, other	24	0.1
Boat assemblers and inspectors	50	0.3	Attendants in recreation and sport	24	0.1
Supervisors, food services	49	0.3	Steamfitters, pipe fitters	23	0.1
Clerks, customer service	48	0.3	Other wood production assemblers	23	0.1
Corrections service officers	47	0.3	Sales occupations	23	0.1
Nursing assistants, registered	47	0.3	Clerks, administrative	22	0.1
Woodworking machine operators	43	0.3	Technicians, electronic service	22	0.1
Air transport ramp attendants	42	0.2	Labourers fish processing	22	0.1
Labourers wood, pulp and paper	41	0.2	Furniture and fixture assemblers	21	0.1
Service occupations	40	0.2	Managers, other services	21	0.1
Aircraft mechanics	37	0.2	Secretaries (except legal and medical)	20	0.1
Residential and commercial installers	36	0.2	Technicians and specialists (landscape)	19	0.1
Printing machine operators	35	0.2	Service station attendants	19	0.1

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

7. ACCIDENTS REPORTED BY CLASS

The majority of Manitoba employers covered by the WCB are referred to as Class E employers and include all employers other than the City of Winnipeg; CPR, CNR, Air Canada and Via Rail; Government of Canada and the Province of Manitoba. This table shows the breakdown of all accidents reported in 2003, by employer group, with a comparison to 2002. The Reported Accidents totals include fatalities. Overall, reported accidents have declined by 1%, while fatalities are down 25%.

	2002		2003	
Class	**Reported Accidents**	**Fatalities**	**Reported Accidents**	**Fatalities**
Class E	38,523	35	37,951	25
City of Winnipeg	1,057	10	1,013	11
CPR/CNR, Air Canada, Via Rail	830	0	741	1
Government of Canada	916	3	975	1
Province of Manitoba	1,659	2	1,814	2
Total	42,985	50	42,494	40

8. COMPENSABLE ACCIDENTS SETTLED

This table shows all claims settled in 2003 by industry sector and rate code for Class E employers and in aggregate for the self-insured employers. The table also shows the average days lost per temporary disability claim, the average weekly wage and the average age of the workers involved. Total time loss claims settled increased slightly (by 2.1%) over 2002. The largest changes occurred in Manufacturing (a drop of 56 settled claims), Construction (an increase of 120 claims) and Trade (159 more claims).

		Number of Cases						Average		
Industry Sector	Rate Code	No cost	Healthcare Only	Temporary Disability	Permanent Disability	Fatality	Total Time Loss Claims	Days Lost per Accident (Temporary Disability)	Weekly Wage	Age
Forestry	101	1	2	1	2	0	3	52.0	400	60
	191	6	13	23	4	0	27	19.3	606	34
Total		7	15	24	6	0	30	20.6	598	35
Mines	201	114	366	64	35	0	99	28.9	1,212	43
	202	4	28	30	3	0	33	36.1	816	37
	203	8	31	7	7	0	14	24.6	1,532	44
Total		126	425	101	45	0	146	30.8	1,117	41
Manufacturing	301	288	679	397	75	0	472	20.7	448	35
	302	88	185	295	32	0	327	19.0	550	38
	303	8	47	69	10	1	80	25.7	490	32
	305	0	0	0	1	0	1	0	0	0
	310	457	1,408	1,875	103	1	1,979	18.6	615	38
	311	117	326	407	25	1	433	11.8	487	35
	312	52	92	42	5	0	47	24.7	1,044	38
	313	6	23	40	6	0	46	43.2	463	33
	314	262	919	984	77	0	1,061	13.0	438	35
	315	160	324	522	69	0	591	15.9	440	39
	316	73	216	343	33	0	376	12.5	475	35
	319	59	89	118	10	0	128	13.3	439	35
	320	13	64	103	7	0	110	16.9	840	47
	321	5	6	7	1	0	8	18.5	566	33
Total		1,588	4,378	5,202	454	3	5,659	16.7	529	37
Construction	401	89	510	684	84	2	770	34.1	582	36
	402	52	330	327	34	2	363	24.0	716	35
	404	10	48	103	8	0	111	36.1	530	34
	405	1	11	11	2	0	13	6.9	838	38
	406	13	22	17	1	0	18	30.5	978	42
	407	14	40	92	14	0	106	33.3	704	38
	408	33	115	172	27	0	199	40.8	781	40
	409	1	10	14	2	0	16	28.2	537	35
Total		213	1,086	1,420	172	4	1,596	32.4	647	36
Transportation	501	105	339	832	51	1	884	46.8	650	40
	502	12	41	58	9	1	68	16.7	459	36
	503	18	59	136	7	0	143	28.8	614	38
	505	14	66	64	3	0	67	20.7	760	42
	506	11	56	107	2	0	109	15.1	493	38
Total		160	561	1,197	72	2	1,271	39.1	628	40

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

8. COMPENSABLE ACCIDENTS SETTLED *continued*

Industry Sector	Rate Code	Number of Cases						Average		
		No cost	Healthcare Only	Temporary Disability	Permanent Disability	Fatality	Total Time Loss Claims	Days Lost per Accident (Temporary Disability)	Weekly Wage	Age
Trade	601	408	805	1,342	32	0	1374	19.5	385	35
	602	22	78	92	5	0	97	26.3	321	32
	603	77	197	369	14	0	383	27.1	505	35
	604	80	442	446	35	0	481	21.2	590	36
	605	94	213	225	9	0	234	20.5	652	37
	607	0	0	0	1	0	1	0	0	0
	609	7	21	19	6	0	25	56.3	716	43
Total		688	1,756	2,493	102	0	2,595	21.5	464	35
Service	701	225	669	833	25	0	858	21.7	291	32
	702	616	986	2,368	24	0	2,392	39.1	551	43
	703	8	14	14	0	0	14	10.9	455	33
	704	2	4	6	0	0	6	76.6	626	44
	705	14	24	95	1	0	96	16.0	248	35
	706	8	30	78	2	0	80	51.9	372	40
	707	18	26	66	1	0	67	22.1	402	35
	710	17	7	4	1	0	5	21.8	418	43
	713	2	0	0	0	0	0	0	0	0
Total		910	1,760	3,464	54	0	3,518	34.2	473	40
Public	801	46	88	107	18	2	127	16.4	636	40
	802	4	9	11	0	0	11	35.0	395	39
Total		50	97	118	18	2	138	18.1	613	40
Voluntary	901	19	72	92	12	0	104	30.8	372	41
	902	28	72	90	3	0	93	32.8	489	37
	903	44	85	111	2	0	113	19.0	443	39
	904	2	26	36	8	0	44	32.5	503	37
	905	11	60	87	10	0	97	20.7	472	34
	906	0	1	2	0	0	2	3.5	618	45
	907	1	1	4	1	0	5	8.3	1,272	39
	909	23	36	34	4	0	38	9.0	620	33
	911	1	3	4	0	0	4	43.1	404	33
	912	11	61	58	7	2	67	12.2	607	45
	916	0	1	1	0	0	1	1.0	440	29
	917	0	0	0	1	0	1	0	0	0
	918	0	0	1	0	0	1	4.0	325	19
	921	89	141	292	20	0	312	19.4	558	45
	922	0	1	2	0	0	2	3.5	101	22
Total		229	560	814	68	2	884	21.8	509	41
Class E Total		**3,971**	**10,638**	**14,833**	**991**	**13**	**15,837**	**25.3**	**528**	**38**
Self-Insured										
City of Winnipeg		68	231	491	21	6	518	16.0	815	42
CPR/CNR, Air Ca Via		60	260	225	52	1	278	51.0	949	45
Govt Can		189	179	396	23	1	420	13.3	763	45
Prov MB		249	494	622	52	3	677	18.3	616	41
Self-Insured Total		**566**	**1,164**	**1,734**	**148**	**11**	**1,893**	**20.7**	**749**	**43**
Grand Total		**4,537**	**11,802**	**16,567**	**1,139**	**24**	**17,730**	**24.8**	**551**	**38**

9. FATALITY CLAIM STATISTICS

The number of fatalities reported, adjudicated and accepted in 2003 are noted below.

Fatalities reported in 2003	
New claims	20
Prior year claims	20

Fatalities adjudicated in 2003	
Accepted	24
Not accepted	36

2003 accepted fatality claim details	
Estate, medical only	4
Dependant pensions	
Surviving spouses	18
Children	7

10. FATALITIES ACCEPTED BY CAUSE

The number of fatality claims accepted each year from 1994 to 2003 and the cause of death are noted below.

YEAR	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Cancer	4	6	12	6	3	6	1	1	1	7
Trauma	13	9	5	9	10	10	6	4	7	2
Motor Vehicle Accident	3	2	5	-	2	2	0	3	1	3
Cardiac	-	3	2	1	1	4	2	1	–	1
Asbestos	-	-	-	-	-	-	7	11	8	11
Other	-	2	3	5	6	1	3	5	2	0
Total	20	22	27	21	22	23	19	25	19	24

Note: In 2000 the method of showing asbestos related deaths was changed. In previous years these deaths were distributed into the Cancer and Other categories.

11. CLASS E EMPLOYERS ASSESSMENT STATISTICS

Class E Employers statistics are shown for the years 1994 to 2003, including the number of employers registered with the WCB as at December 31, the total assessable payroll, total assessments billed by the WCB and the actual average assessment per $100 of assessable payroll. Although the budgeted average rate was not increased for 2003, the 2003 average assessment rate was impacted by the heavier than expected weighting in industry sectors with higher assessment rates.

YEAR	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Number of Registered Employers at December 31	19,875	20,452	21,114	20,961	22,413	22,962	23,400	23,846	24,453	24,639
Assessable Payrolls ($ millions)	5,920	6,253	6,302	6,814	7,227	7,567	7,984	8,259	8,561	8,931
Assessments ($ thousands)	128,978	138,758	141,507	141,376	134,484	110,185	118,723	125,904	131,380	144,765
Actual Average Assessment Rate per $100 of Payroll	2.20	2.22	2.25	2.07	1.86	1.46	1.49	1.52	1.53	*1.62

* Estimated amount – final 2003 information will be available in mid-2004

WCB
Workers Compensation
Board of Manitoba

SAFE
WORK
SAFE
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

WCB

Workers Compensation
Board of Manitoba

www.wcb.mb.ca